Risk Factors Comparison 2024-02-05 to 2023-02-02 Form: 10-K

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Our business routinely encounters and attempts to address risks, some of which will cause our future results to differ, sometimes materially, from those originally anticipated. Below, we have described our present view of the material risks facing the Company. The risk factors set forth below are not the only risks that we may face or that could adversely affect us. If any of the circumstances described in the risk factors discussed in this Form 10- K actually occur, our business, prospects, liquidity, financial condition and results of operations could be materially and adversely affected. If this were to occur, the trading price of our securities could decline significantly and stockholders may lose all or part of their investment. The following discussion of risk factors contains " forward- looking statements, " which may be important to understanding any statement in this Form 10- K or in our other filings and public disclosures. In particular, the following information should be read in conjunction with the sections in this Form 10- K entitled, " Cautionary Note about Forward- Looking Statements, " " Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations, " and " Item 8. Financial Statements and Supplementary Data. " Risk Factors Summary This summary is not complete and should be read in conjunction with the risk factors that follow. Risks Related to the Housing Market and General Economic Conditions ? We are subject to demand fluctuations in the housing market and the homebuilding industry. ? Adverse changes in general economic conditions, including inflation, unemployment rates, interest rates, and availability of financing, global economic and political instability and conflicts and changing home buying patterns and trends could reduce future demand for our homes. ? Our long- term growth depends upon our ability to successfully identify and acquire desirable land parcels at reasonable prices and to successfully manage our land and lot inventory. ? Our geographic concentration and changes to the population growth rates and other demographics or conditions in our markets could adversely affect our business. Risks Related to the Homebuilding and Real Estate Industries ? Our operating results are dependent on our ability to develop our communities successfully and within expected timeframes and to maintain good relations with the homeowners in our communities. ~~11~~ ? We face risks regarding utility, resource, raw material, building supply and labor shortages and prices, which have been exacerbated by persistent inflation and supply chain disruptions. ? We are subject to potential liability for health and safety incidents and product liability and warranty claims, which may exceed our insured limits. ? The homebuilding industry is cyclical, seasonal and competitive. ? Real estate investments are risky and dependent upon our ability to successfully manage our land acquisitions and development and construction processes. ~~Risk~~ **11Risk** Related to Our Financial Services Business ? Our mortgage lending business requires substantial capital, which may not continue to be available to us in the amounts we require and at acceptable pricing. ? Our Financial Services segment can be adversely affected by reduced demand for our homes **and** ~~, a slowdown in mortgage refinancings,~~ our inability to sell mortgages into the secondary market or potential liability in connection with such sales. ? The financial services market is competitive. ? Governmental regulation may adversely affect our Financial Services operations. ? **Our servicing portfolio, interest rate lock commitments, and loans held for sale are subject to fluctuation in values and although we attempt to hedge our exposure, our hedging activities involve risk and may not be effective. ?** A cyber attack or other security breach of our Financial Services business could subject us to significant liability and harm our reputation. Risks Related to Human Capital Management ? The success of our business is dependent upon highly skilled, competent and key personnel, as well as suitable contractors. ? We depend on key personnel, the loss of which could have a material adverse effect on our business. Risks Related to Governmental, Regulatory, Legal and Compliance Matters ? Government regulations and legal challenges may delay the start or completion of our communities, increase our costs and expenses or limit our homebuilding or other activities. ? We may face substantial damages or be enjoined from pursuing important activities as a result of existing or future litigation, arbitration or other claims. ? We are subject to liability under various data protection laws, the non- compliance of which could subject us to significant monetary damages, regulatory enforcement actions, fines and / or criminal prosecution. Risks Related to Environmental Matters ? We are subject to environmental laws and regulations, which may increase our costs, limit the areas in which we can build homes, delay completion of our projects or result in potential liability. Risks Related to Weather and Climate Change ? Adverse weather and geological conditions may increase our costs, cause project delays and reduce consumer demand for housing. ? Changes in global or regional climate conditions and governmental actions in response to such changes, including new climate disclosure rules proposed by the SEC, may adversely affect us by increasing the costs of, or restricting, our planned or future growth activities. Risk Related to Acquisitions and Joint Venture Investments ? Acquisitions, investments and / or disposals involve risks and may result in unexpected costs and unrealized benefits. ? A significant portion of our historical growth has been due to our prior acquisitions and we may not be able to continue to grow through acquisitions. Risks Related to Our Indebtedness and Liquidity ? Difficulty in obtaining sufficient additional capital **or refinancing our existing indebtedness** at reasonable prices when needed could result in an inability to acquire land for our developments or increased costs and delays in the completion of our development projects. ? We have substantial indebtedness and expect to continue to use leverage in executing our business strategy. ? Interest expense on our debt limits our cash available to fund our growth strategies and we may be unable to generate sufficient cash flows to meet our debt service obligations or comply with our covenants. Risks Related to Tax Policies and Regulation ? Tax policies and regulation, including in particular any limitation on, or reduction or elimination of, tax benefits associated with owning a home or increases in property and sales taxes, may affect our business and increase our costs. ~~12Risk~~ -- **Risk** Related to Possible Conflicts of Interest ? Conflicts of interest may arise as a result of relationships between our Co- Chief Executive Officers and the Company. Risks Related to Ownership of our Common Stock

? The ownership of our common stock is risky as it is subordinated to our existing and future indebtedness. **12** ? Our actual operating results may differ significantly from our guidance **or the expectations of analysts** , which could cause the market price of our common stock to decline. General Risk Factors ? We are subject to several other risks of which other public companies are subject, including without limitation, the effect of negative publicity; increased scrutiny related to our environmental, social and governance practices; information technology failures or data security breaches; **the rise of artificial intelligence;** our ability to change our operational policies, investment guidelines and business and growth strategies without stockholder consent; and our ability to maintain an effective system of internal controls. Risks Related to the Housing Market and General Economic Conditions We are subject to demand fluctuations in the housing market and the homebuilding industry. ~~The recent decline in demand in the housing market may continue or decline further.~~ Any ~~continuation in the recent decline in demand or any further~~ decline in demand for our homes or in the homebuilding industry generally may materially and adversely affect our business, results of operations, and financial condition. Demand for our homes is subject to fluctuations, often due to factors outside of our control. **These factors may include** ~~We cannot predict whether and to what extent the housing markets in the geographic areas in which we operate will grow, particularly if~~ interest rates ~~for mortgage loans, land~~ - **and Federal Reserve policy changes** ~~costs, and construction costs continue to rise. In a housing market downturn when demand for our homes decreases, our revenues and results of operations are typically adversely affected~~ ; **inflation** ~~we may have significant inventory impairments and other write- offs~~ ; **consumer confidence and spending; employment** ~~our gross margins may decline significantly from historical~~ levels; ~~and we may incur substantial losses from operations. For example, in the beginning of the COVID- 19 pandemic, we experienced a decrease in demand for our homes which began to reverse course in May and June of 2020 and remained strong throughout the rest of 2020 and all of 2021. Demand began softening during the second quarter of 2022 and continued to decline in the third and fourth quarters of 2022 primarily due to inflationary pricing, rapidly rising interest rates for mortgage loans, and high construction costs. Other factors that might impact the homebuilding industry include~~ uncertainty in ~~domestic and international~~ financial, credit and consumer lending markets ~~amid~~ **;** slow economic growth or recessionary conditions in various regions or industries around the world **; availability** ~~, including as a result~~ of **financing for homebuyers;** ~~the COVID- 19 pandemic,~~ tight lending standards and practices for mortgage loans that limit consumers' ability to qualify for mortgage financing to purchase a home, including increased minimum credit score requirements, credit risk / mortgage loan insurance premiums and / or other fees and required down payment amounts, higher home prices, more conservative appraisals, changing consumer preferences, ~~decreased consumer confidence,~~ higher loan- to- value ratios and extensive buyer income and asset documentation requirements ~~,~~ **;** changes to mortgage regulations **; availability and prices of new homes compared to existing inventory; demographic trends** , **including** slower rates of population growth or population decline in our markets ~~, Federal Reserve policy changes,~~ **; the effect of pandemics;** and other factors, including those described elsewhere in this report **will continue** .If there is limited economic growth,declines in employment and consumer income,changes in consumer behavior **,including as a result of the COVID- 19 pandemic** ,and / or tightening of mortgage lending standards,practices and regulation in the geographic areas in which we operate,or if interest rates for mortgage loans or home prices continue to rise,there could likely be a corresponding adverse effect on our business,prospects,liquidity,financial condition and results of operations,including,but not limited to,the number of homes we sell,our average sales price per home closed,cancellations of home purchase contracts and the amount of revenues or profits we generate,and such effect may be material ~~. In a housing market downturn when demand for our homes decreases,~~ . At any particular time, we cannot accurately predict whether housing market conditions **will improve, deteriorate or continue as they** ~~existing~~ --- **exist** at that time will continue. If there is limited......, and such effect may be material . Adverse changes in general economic conditions could reduce the demand for our homes and, as a result, could have a material adverse effect on our business, results of operations and financial condition. The residential homebuilding industry is cyclical and is highly sensitive to changes in local and general economic conditions that are outside our control, including: ? consumer confidence, employment levels, job growth, spending levels, wage and personal income growth, personal indebtedness levels, and household debt- to- income levels of potential homebuyers; ? the availability and cost of financing for homebuyers or restrictive mortgage standards, including private and federal mortgage financing programs and federal, state, and provincial regulation of lending practices; ? real estate taxes and federal and state income tax provisions, including provisions for the deduction of mortgage interest payments; ? U. S. and global financial system and credit markets, including short- and long- term interest rates and inflation **, and any effects from a potential U. S. government shutdown or sovereign default** ; ~~13~~ ? housing demand from population growth, household formations, new home buying catalysts (such as marriage and children), second home buying catalysts (such as retirement), home sale catalysts (such as an aging population), demographic changes (including immigration levels and trends in urban and suburban migration), generational shifts, or otherwise, or perceptions regarding the strength of the housing market, and home price appreciation and depreciation resulting therefrom; ? competition from other real estate investors with significant capital, including other real estate operating companies and developers, institutional investment funds and companies solely focused on single- family rentals; and ? the supply of new or existing homes, including foreclosures, and other housing alternatives, such as apartments and other residential rental property, and the aging of existing housing inventory. ~~As a~~ **13These factors have resulted in the past and in the future could** result ~~of a combination of factors described above and elsewhere~~ in ~~this report, we experienced~~ a decline in the demand for our homes ~~beginning in the second quarter of 2022. If these conditions persist~~ , **as well as** ~~we may also continue to experience~~ a decline in the pricing for our homes, an increase in customer cancellations, an increase in selling concessions and downward pressure on the market value of our inventory, which could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations and increase the risk for asset impairments. A significant or sustained downturn in the homebuilding market would likely have an adverse effect on our business and results of operations for multiple years. ~~Additionally, on January 19, 2023, the U. S. reached its debt ceiling, requiring the U. S. Treasury to take extraordinary measures to avoid default. However, the U. S. Treasury expects to exhaust these measures by early June~~

~~2023, and if U. S. lawmakers do not pass legislation to raise the federal debt ceiling by such time, it is possible that the U. S. could default on its debt obligations. Whether or not a U. S. sovereign default occurs, growing uncertainty due to the unprecedented nature of such a default may adversely affect capital markets, which could negatively impact our liquidity, financial condition and earnings. Additionally, a U. S. sovereign default or a threat thereof could trigger recessionary conditions, further reduce consumer confidence and increase levels of unemployment, all of which may reduce demand for our homes, causing further harm to our business.~~ In addition, the portion of our customer base that consists of first- and second- time move-up buyers, often purchase homes subject to contingencies related to the sale and / or closing of their existing homes. If these potential buyers face difficulties in selling or closing their homes, whether due to ~~rapidly~~ rising interest rates for mortgage loans, ~~as we have recently seen,~~ periods of weak economic conditions, oversupply, restrictive mortgage standards or otherwise, our sales may be adversely affected. Moreover, we may need to reduce our sales prices, possibly in instances where appraised values of our homes are lower than our sales price, and offer greater incentives to buyers to compete for sales that may result in reduced margins. ~~Furthermore~~ **Also** , **because we have increased** ~~deployments of U. S. military personnel to foreign regions, terrorist attacks, other acts of violence or~~ **our supply of quick move- in (** ~~threats to national security and any corresponding response by the United States~~ or ~~others,~~ **" spec ") homes** ~~related~~ - **relative** ~~domestic~~ **to** ~~or~~ **our** ~~international instability or civil unrest may~~ **built- to- order homes, adverse changes in economic conditions could** cause ~~an economic slowdown in the markets where we operate~~ **us to reduce prices more rapidly to avoid carrying large amounts of finished inventory. This** , ~~which~~ **in turn,** could adversely affect our ~~business. Global~~ **results of operations and financial conditionGlobal** economic and political instability and conflicts could adversely affect our business, financial condition or results of operations. ~~Our~~ **The global economic slowdown, inflation, rising interest rates and the prospects for recession, as well as recent and potential future disruptions in access to bank deposits or lending commitments due to bank failure, could materially and adversely affect our liquidity, our business, financial condition and results of operations. The closures of certain regional banks during the first half of 2023 and their placement into receivership with the Federal Deposit Insurance Corporation (" FDIC ") created bank- specific and broader financial institution liquidity risk and concerns. Although the Department of the Treasury, the Federal Reserve, and the FDIC jointly released a statement that depositors at these banks would have access to their funds, even those in excess of the standard FDIC insurance limits, future adverse developments with respect to specific financial institutions or the broader financial services industry may lead to market- wide liquidity shortages. The failure of any bank with which we do business could reduce the amount of cash we have available for our operations or delay our ability to access such funds. Any such failure may increase the possibility of a sustained deterioration of financial market liquidity, or illiquidity at clearing, cash management and / or custodial financial institutions. In the event we have a commercial relationship with a bank that has failed or is otherwise distressed, we may experience delays or other issues in meeting our financial obligations. If other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, our ability to access our cash and cash equivalents and investments may be threatened and could have a material adverse effect on our business and financial condition. Additionally, our** business could be adversely affected by unstable economic and political conditions **as well as** ~~within the United States and foreign jurisdictions and~~ geopolitical conflicts ~~, such as the conflict between Russia and Ukraine~~ . While we do not have any customer or direct supplier relationships in ~~either~~ **foreign** ~~country~~ **countries experiencing war** , ~~the~~ current military ~~conflict~~ **conflicts** , and related sanctions, as well as export controls or actions that may be initiated by nations (e. g., potential cyber attacks, disruption of energy flows, etc.) and other potential uncertainties could adversely affect our supply chain by causing shortages or increases in costs for materials necessary to construct homes and / or increases to the price of gasoline and other fuels. In addition, such events could cause higher interest rates, inflation or general economic **and geopolitical** uncertainty, which could negatively impact our business partners, employees or customers, or otherwise adversely impact **our business. Furthermore, deployments of U. S. military personnel to foreign regions, terrorist attacks, other acts of violence or threats to national security and any corresponding response by the United States or others, related domestic or international instability or civil unrest may cause an economic slowdown in the markets where we operate, which could adversely affect** our business. Our future success depends upon our ability to successfully adapt our business strategy to changing home buying patterns and trends. Future changing home buying patterns and trends could reduce the demand for our homes and, as a result, could have a material adverse effect on our business and results of operations. Our business strategy has historically been to offer homes that appeal to a broad range of entry- level, move- up and, lifestyle homebuyers, with an emphasis towards entry- level or affordably priced homes, based on each local market in which we operate. However, given the significant increases in average home sales prices across our markets and the increased demand for more affordable homes due to generational shifts, affordability concerns, changing demographics and other factors, we have further increased our focus on offering more affordable housing options in our markets. We believe that due to anticipated generational shifts, changing demographics and other factors, the demand for more entry- level and affordable homes will **continue to** increase. This is particularly true in light of future homebuyers being motivated to move out of their apartments or confined living areas, often in urban areas, and into more spacious homes, often in nearby suburbs, as they spend more time at home as a result of part- and full- time remote- working arrangements, which became significantly more prevalent ~~in recent years primarily~~ as a result of the COVID- ~~1419~~ **19** pandemic. Part of our strategy with our Century Complete brand is to target first time homebuyers with an asset light business model. Our Century Complete brand targets entry- level homebuyers, primarily sells homes through retail studios and the internet, and generally provides no ~~option~~ **14option** or upgrade opportunities. We have also pivoted our Century Communities brand to target more affordable price points as well. No assurance can be provided that our current business strategy to focus on more affordable homes will be effective or that we will successfully anticipate and react to future changing home buying patterns and trends, which may include higher levels of single- family rental demand. In addition, if the level of new home demand increases in future periods as a result of changing home buying patterns or trends or otherwise, the risk of shortages and cost increases in residential lots, labor and materials available to the homebuilding industry will likely increase. Our long- term growth depends upon our ability to successfully identify and acquire desirable land parcels at reasonable prices for residential build- out. Our future growth depends upon our ability to successfully identify and acquire attractive land parcels for development of our homes at reasonable prices and with terms that meet our underwriting criteria. Our ability to acquire land parcels for new homes may be adversely affected by changes in the general availability of land parcels, the willingness of land sellers to sell land parcels at reasonable prices, competition for available land parcels, availability of financing to acquire land parcels, zoning, governmental and municipal restrictions, including environment restrictions, and other market conditions. There can be no assurance that an adequate supply of homebuilding lots will continue to be available to us on terms similar to those available in the past. If the supply of land parcels appropriate for development of homes is limited because of these factors, or for any other reason, our ability to grow could be significantly limited, and the number of homes that we build and sell could decline. Additionally, our ability to begin new projects could be impacted if we elect not to purchase land parcels under option contracts. To the extent we are unable to purchase land parcels on a timely basis or enter into new contracts for the purchase of land parcels at reasonable prices, our home sales revenue and results of operations could be negatively impacted. Our geographic concentration could materially and adversely affect us if the homebuilding industry in our current markets ~~continues to~~ decline for a prolonged period. Our business strategy is focused on the design, construction and sale of single- family detached and attached homes in 18 states throughout the U. S. **which results in us being subject to risks associated with the particular markets in which we operate, including their regional and local economies, any industries which are prevalent in these markets, and weather-related or other events impacting these markets. A prolonged economic downturn in one or more of these areas, or a particular industry that is fundamental to one or more of these areas, could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations. To the extent the oil and gas industry, which can be very volatile, is negatively impacted by declining commodity prices, climate change, legislation or other factors, a result could be a reduction in employment or other negative economic consequences, which in turn could adversely impact our home sales and activities in certain of our markets. Our communities on the West coast are especially susceptible to restrictive government regulations and environmental laws. In addition, certain insurance companies doing business in Florida and Texas have restricted, curtailed or suspended the issuance of homeowners' insurance policies on single- family homes. This has both reduced the availability of hurricane and other types of natural disaster insurance in Florida and Texas, in general, and increased the cost of such insurance to prospective purchasers of homes in Florida and Texas. Mortgage financing for a new home is conditioned, among other things, on the availability of adequate homeowners' insurance. There can be no assurance that homeowners' insurance will be available or affordable to prospective purchasers of our homes in the Florida and Texas markets. Long- term restrictions on, or unavailability of, homeowners' insurance in the Florida and Texas markets could have an adverse effect on the homebuilding industry in such markets in general, and on our business within such markets in particular. Additionally, the availability of permits for new homes in new and existing developments could be adversely affected by the significantly limited capacity of the schools, roads and other infrastructure in such markets.** While our operations are geographically diverse, **an** ~~a continuation of the current~~ economic downturn **or other event** in one or more of the ~~areas~~ **markets** in which we operate for a prolonged period could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations, and a disproportionately greater impact on us than other homebuilders with larger scale and more diversified operations and geographic footprint. Any increase in unemployment or underemployment may lead to reduced demand for our homes and an increase in the number of loan delinquencies and property repossessions and have an adverse impact on our business and results of operations. In the United States, the unemployment rate was 3. ~~5~~ **7** % as of the end of December ~~2022~~ **2023** , according to the U. S. Bureau of Labor Statistics. People who are not employed, are underemployed, ~~such as those who exited the workforce as a result of concerns related to the COVID- 19 pandemic,~~ or are concerned about the loss of their jobs are less likely to purchase new homes, may be forced to try to sell the homes they own **,** and may face difficulties in making required mortgage payments. Therefore, an increase in unemployment or underemployment may lead to an increase in the number of loan delinquencies and property repossessions and have an adverse impact on our business by both reducing the demand for the homes we build and increasing the supply of homes for sale, which would also likely adversely affect our Financial Services business, which is dependent upon the sale of our homes. In addition, an increase in unemployment or underemployment may result in increased default rates on mortgage loans we originated, which could expose us to repurchase obligations or other liabilities, reduce our ability to sell or finance the loans we originate or require us to sell or finance the loans we originate on less favorable terms, lead us to impose stricter loan qualification standards, or result in us no longer ~~being~~ **15being** able to offer financing terms that are attractive to potential buyers, all of which would adversely affect our Financial Services business. If homebuyers are not able to obtain suitable financing, our results of operations may decline. The success of homebuilders depends on the ability of potential homebuyers to obtain mortgages for the purchase of homes. If the home financing market is unstable or contracts, our revenues and results of operations could be adversely affected. A substantial majority of our homebuyers finance their home purchases through lenders that provide mortgage financing or through our Financial Services business. First- time homebuyers are generally more affected by the availability of financing than other potential homebuyers. These buyers are an important source of our demand, especially in light of our Century Complete segment, which targets first time homebuyers. A limited availability of home mortgage financing and / or ~~rapidly~~ rising interest rates for mortgage loans, as we have seen in recent ~~months~~ **years** as a result of the interest rate increases imposed by the Federal Reserve in response to concerns about inflation and economic uncertainties, may adversely affect the volume of our home sales and the sales prices we obtain. This environment would also likely adversely affect our Financial Services business. ~~15In~~ **In** the past, the mortgage lending industry in the United States experienced significant instability, beginning with increased defaults on subprime loans and other nonconforming loans and compounded by expectations of increasing interest payment requirements and further defaults. This in turn resulted in a decline in the market value of many mortgage loans and related securities. In response, lenders, regulators and others questioned the adequacy of lending standards and other credit requirements for several loan products and programs offered in recent years. Credit requirements tightened, and investor demand for mortgage loans and mortgage- backed securities declined. The deterioration in credit quality during the economic downturn caused almost all lenders to stop offering subprime mortgages and most other loan products that were not eligible for sale to Fannie Mae or Freddie Mac, or loans that did not conform to Fannie Mae, Freddie Mac, Federal Housing Administration (which we refer to as the " FHA ") or Veterans Administration (which we refer to as the " VA ") requirements. Fewer loan products and tighter loan qualifications may make it more difficult for certain buyers to finance the purchase of our homes. Additionally, if the federal government were to reduce or eliminate mortgage loan programs (including due to any failure of lawmakers to agree on a budget or appropriation legislation to fund relevant programs or operations), it may make it more difficult for our customers to finance the purchase of our homes. These factors may reduce the pool of qualified homebuyers and make it more difficult to sell to first- time and move- up buyers, who have historically made up a substantial part of our customers and will likely continue to make up a substantial part of our customers especially in light of our Century Complete segment. Reductions in demand adversely affected our business and financial results during that downturn, and similar reductions in demand may occur as a result of ~~rapidly~~ rising interest rates for mortgage loans. The liquidity provided by Fannie Mae and Freddie Mac to the mortgage industry has been very important to the housing market. These entities in the past have required substantial injections of capital from the federal government and may require additional government support in the future. Several federal government officials have proposed changing the nature of the relationship between Fannie Mae and Freddie Mac and the federal government and even nationalizing or eliminating these entities entirely. If Fannie Mae and Freddie Mac were dissolved or if the federal government determined to stop providing liquidity support to the mortgage market, there would be a reduction in the availability of the financing provided by these institutions. Any such reduction would likely have an adverse effect on interest rates, mortgage availability and our sales of new homes. The FHA insures mortgage loans that generally have lower loan payment requirements and qualification standards compared to conventional guidelines, and as a result, continue to be a particularly important source for buyers financing the purchase of our homes. The FHA has ~~in recent years~~ tightened its underwriting standards, which affects potential homebuyers, including in particular first- time buyers. In addition ~~, in recent years~~ , lenders have taken a more conservative view of FHA guidelines causing significant tightening of borrower eligibility for approval. Availability of condominium financing and minimum credit score benchmarks have reduced opportunity for those purchasers. In the future, there may be further restrictions on FHA- insured loans, including limitations on seller- paid closing costs and concessions, stricter loan qualification standards, and an increase in minimum down payment requirements. This or any other restriction may negatively affect the availability or affordability of FHA financing, which could adversely affect our potential homebuyers' ability to secure adequate financing and, accordingly, our ability to sell homes in the United States. In addition, changes in federal and state regulatory and fiscal policies aimed at aiding the home buying market (including repeal or another limitation of the home mortgage interest tax deduction) may also negatively affect potential homebuyers' ability or desire to purchase homes. Decreases in the availability of credit and increases in the cost of credit adversely affect the ability of homebuyers to obtain or service mortgage debt, and we have **experienced** ~~begun to see~~ some of these adverse impacts as a result of ~~rapidly~~ rising interest rates for mortgage loans ~~in 2022~~ . Even if potential buyers of our homes do not themselves need mortgage financing, where our potential buyers must sell their existing homes in order to buy one of our homes, increases in mortgage costs, lack of availability of mortgages and / or regulatory changes could delay or adversely affect such a sale, which would result in our potential customers' inability to buy a new home. Similar risks apply to those buyers who are awaiting delivery of their homes and are currently in backlog. If our customers (or potential buyers of our customers' existing homes) cannot obtain suitable financing, our sales and results of operations could be adversely affected. ~~Interest~~ **16Interest** rate increases or changes in federal lending programs or other regulations could lower demand for our homes, which could materially and adversely affect our business and results of operations. Most of the purchasers of our homes finance their acquisitions with mortgage financing and in many cases obtain their mortgage financing through our Financial Services business. Mortgage **rates, up until recently, had been historically low, which made the homes we sell more affordable. However, mortgage rates have more than doubled since early 2022, as a result of the Federal Reserve raising** interest rates ~~had been near historic lows for a number of years leading up to 2022. While interest rates remained relatively low throughout most of 2021, interest rates increased rapidly~~ in ~~2022 as a result of several interest rate increases imposed by the Federal Reserve. As of December 14, 2022, the Federal Reserve had raised its target range for the federal funds rate by 50 basis points to 4. 25 % to 4. 50 %, the seventh basis point increase in 2022 and~~ - **an effort** ~~a cumulative 425 basis point increase since March 2022. Additionally, the Federal Reserve has indicated that it is likely to continue to raise the rate to a peak level of 4. 60 % in 2023 in order~~ to curtail ~~high~~ inflation. Increases in interest rates increase the costs of owning a home and ~~could~~ adversely affect the purchasing power of consumers ~~and lower~~ **, thereby adversely impacting** demand for the homes we sell ~~, which could result in a decrease in sales, and which has recently caused demand to soften, adversely affecting our results of operations~~ . Increased interest rates can also decrease homebuyer confidence and hinder our ability to realize our backlog because our home purchase contracts typically provide customers with a financing contingency. Financing contingencies allow customers to cancel their home purchase contracts in the event that they cannot arrange for adequate financing. As a result, rising interest rates ~~can decrease~~ **typically adversely affect** our home sales and mortgage originations. In ~~16addition~~ -- **addition** , monetary policy actions affecting interest rates or fiscal policy actions and new legislation related to taxation, spending levels or borrowing limits, along with the related political debates, conflicts and compromises associated with such actions, may negatively impact the financial markets and consumer confidence. Such events **in the past have and in the future** could hurt the U. S. economy and the housing market and in turn, ~~could~~ adversely affect our operating results. In addition, the federal government plays a significant role in supporting mortgage lending through its conservatorship of Fannie Mae and Freddie Mac, both of which purchase home mortgages and mortgage- backed securities originated by mortgage lenders, and its insurance of mortgages originated by lenders through the FHA and the VA. Changes in these programs could materially adversely affect the mortgage market, which would have a negative impact on our business. The FHA may continue to impose stricter loan qualification standards, raise minimum down payment requirements, impose higher mortgage insurance premiums and other costs, and / or limit the number of mortgages it insures. Several bills have been introduced in Congress over the past several years concerning the future status of Fannie Mae and Freddie Mac and the mortgage finance system, including bills which provided for the wind- down of Fannie Mae and Freddie Mac or proposed modifications to the financial relationship between Fannie Mae and Freddie Mac and the federal government. The liquidity provided by Fannie Mae and Freddie Mac to the mortgage industry has been very important to the housing market. Eliminating Fannie Mae and Freddie Mac would mean that conventional loans, like the 30- year mortgage, would no longer be guaranteed, which would be likely to result in the elimination of these traditional, long- term, fixed- rate loans, and result in an increase in interest rates for longer term products. If Fannie Mae and Freddie Mac were dissolved or if the federal government determined to stop providing liquidity support to the mortgage market, there would be a reduction in the availability of the financing provided by these institutions. Any such reduction would likely have an adverse effect on interest rates and mortgage availability, and we would expect our sales of new homes to decline. Our home purchase contracts typically provide our customers with a financing contingency, which allows our customers to cancel their home purchase contracts in the event that they cannot arrange for adequate financing. Increased interest rates, restrictions or reductions in government backed mortgage financing or the tightening of lenders' borrowing standards may make it more difficult for our customers to obtain financing, which would decrease our home sales and mortgage originations and have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations. In response to ~~the~~ interest rate volatility and to maintain sales momentum, we **have in the past** increased **and may in the future increase** incentive offerings across our communities ~~during the second half of 2022~~, including discounts on options and upgrades and financing incentives, which **adversely affect** ~~we expect will continue to result in downward pressure to~~ our homebuilding margins ~~during the first half of 2023~~. Changes to the population growth rates in ~~certain of~~ the markets in which we operate or plan to operate could affect the demand for our homes in these regions. Slower rates of population growth or population declines in the markets where we do business, or other key markets in the United States we plan to enter, especially as compared to the high population growth rates in prior years, could adversely affect the demand for housing, causing home prices in these markets to fall, and adversely affect demand for our homes and our plans for growth, business, financial condition and operating results. ~~Inflation~~ **17Inflation has in the past adversely affected and in the future** could adversely affect our business and financial results, ~~and~~ **especially since** we may not be able to raise home prices sufficiently ~~in a persistent inflationary environment~~ **to offset increased prices.** . Inflation, which **has** ~~increased significantly during 2021 and~~ remained at historically high rates ~~throughout 2022~~, has adversely affected us by increasing the costs of land, materials and labor needed to operate our business and could continue to adversely affect us in future periods. In the event inflation continues to increase, we may seek to increase the sales prices of homes in order to maintain satisfactory margins ~~which to date has proven successful~~. However, an oversupply of homes relative to demand, home prices being set several months before homes are delivered and affordability concerns may make any such increase difficult or impossible in future periods. In addition, inflation is often accompanied by higher interest rates, ~~such as the relatively high interest rates seen in 2022,~~ which historically ~~have had a negative~~ **negatively** impact ~~on~~ housing demand. While we **historically** have ~~historically~~ been able to pass along price increases to our consumers **to help offset** ~~, beginning in the second quarter of 2022 and continuing through the remainder of 2022, the rapid increases~~ - **increase** ~~in mortgage rates~~ **prices, we may not be able to continue to do so, thereby** adversely **impacting** ~~impacted our ability to raise home prices sufficiently to keep up with the rate of inflation in a persistent inflationary environment and~~ our margins ~~decreased~~. Moreover, the cost of capital **typically** increases as a result of inflation and the purchasing power of our cash resources **typically** declines. Actions by the government to stimulate the economy may **further** increase the risk of ~~significant~~ inflation, which may have an adverse impact on our business or financial results. ~~17We~~ **We** face potentially substantial risk with respect to our land and lot inventory arising from significant changes in economic or market conditions, which could adversely affect our results of operations and result in write- downs of the carrying values of land we own. We face substantial risk in owning developed and undeveloped land. We acquire undeveloped land, buildable lots and housing inventories in the markets where we build homes. The market value of land, building lots, and housing inventories can fluctuate significantly as a result of changing market conditions, and the measures we employ to manage inventory risk may not be adequate to insulate our operations from a severe drop in inventory values. The risks inherent in purchasing and developing land parcels increase as consumer demand for housing decreases. If housing demand decreases below what we anticipated when we acquired our inventory, our results of operations may be adversely affected and we may not be able to recover our costs when we sell and build houses. When market conditions are such that land values are not appreciating, previously entered into option agreements may become less desirable, at which time we may elect to forego deposits and pre- acquisition costs and terminate the agreements, which could result in abandonment charges and adversely affect our operating results and financial condition. In addition, inventory carrying costs can be significant, particularly if inventory must be held for longer than planned, and can result in losses on poorly performing projects or markets. Factors, such as changes in regulatory requirements and applicable laws (including in relation to building regulations, taxation and planning), political conditions, the condition of financial markets, both local and national economic conditions, the financial condition of customers, potentially adverse tax consequences, and interest and inflation rate fluctuations, subject land valuations to uncertainty. We regularly review the value of our land holdings and continue to review our holdings on a periodic basis. In the face of adverse market conditions, we may have substantial inventory carrying costs, and may have to write down our inventory to its fair value, and / or sell land or homes at a loss. We may be required to record significant write- downs of the carrying value of our land inventory, and may elect not to exercise options to purchase land, even though that requires us to forfeit deposits and write- off pre- acquisition costs. Although we have taken efforts to reduce our exposure to costs of that type, a certain amount of exposure is inherent in our homebuilding business. If market conditions were to deteriorate in the future, we could be required to record significant write downs to our land inventory, which would decrease the asset values reflected on our consolidated balance sheet and could adversely affect our results of operations and financial condition and result in write- downs of the carrying values of land we own. Increases in our home cancellation rate could have a negative impact on our home sales revenue and homebuilding margins. Our backlog reflects sales contracts with homebuyers for homes that have not yet been delivered. We have received a deposit from a homebuyer for most homes reflected in our backlog, and generally we have the right to retain the deposit if the homebuyer fails to comply with ~~his or her~~ **the homebuyer' s** obligations under the sales contract, subject to certain exceptions, including as a result of state and local law and in certain circumstances, the homebuyer' s inability to sell ~~his or her~~ **the homebuyer' s** current home or, the homebuyer' s inability to obtain suitable financing. Home order cancellations negatively impact the number of closed homes, net new home orders, home sales revenue and results of operations, as well as the number of homes in backlog. Home order cancellations can result from a number of factors, including declines or slow appreciation in the market value of homes, increases in the supply of homes available to be purchased, increased competition, higher mortgage interest rates, homebuyers' inability to sell their existing homes, homebuyers' inability to obtain suitable financing, including providing sufficient down payments, and adverse changes in economic conditions. **During** ~~Beginning in the second quarter of 2022~~ **2023** ~~, and continuing through the remainder of 2022,~~ we experienced ~~an~~ **a** ~~increase~~ **decrease** in **our** cancellation rates **as** compared to ~~the prior year period~~ **higher cancellation rates in 2022** , **which were** primarily driven by the **mortgage rate** increases ~~in mortgage~~ **at that time, but no assurance can be provided that our home cancellation** rates ~~. An~~ **will not once again** increase ~~in the level of~~ **. 18Public health issues such as a major epidemic** ~~our~~ - **or pandemic could adversely affect our business or financial results. The United States and other countries have experienced, and may experience in the future, outbreaks of contagious diseases that affect public health and public perception of health risk. In 2020, the COVID- 19 pandemic resulted in federal, state and local governments and private entities mandating various restrictions, including the closures of non- essential businesses for a period of time, which had an adverse impact on our business. In addition, the effects of the pandemic on economic activity, combined with strong demand for new** ~~home~~ **homes** ~~order cancellations~~ **that followed the initial onset of the pandemic, caused many disruptions to our supply chain and shortages in certain building components and materials, as well as labor shortages, all of which lengthened our construction cycle times. During the pandemic, overall economic conditions, as well as demand for our homes and our ability to conduct normal business operations became highly unpredictable. Outbreaks of contagious diseases similar to the pandemic may occur in the future, which** could have a **significant** negative impact on **the economy,** our ~~future~~ **ability to conduct normal** business ~~, prospects, liquidity,~~ **operations and our results of operations and** financial condition ~~and results of operations~~ . Risks Related to the Homebuilding and Real Estate Industries If we are unable to develop our communities successfully or within expected timeframes **and budgets** , our results of operations could be adversely affected. Before a community generates any revenues, significant time and material expenditures are required to acquire land, obtain development approvals and construct significant portions of project infrastructure, amenities, model homes and sales facilities **. In addition, our land bank option contracts often include interest provisions under which delays in land development and / or longer land takedown periods cause us to incur additional cost. It can take several years from the time we acquire control of an undeveloped property to the time we make our first home sale on the site. Costs increases and delays in the development of communities, including increased costs and delays associated with subcontractors performing the development activities or entitlements, expose us to the risk of changes in market conditions for homes** . A decline in our ability to develop and market our communities successfully, especially in our more recent or new markets where it may be more difficult to do so, and to generate positive cash flow from these operations in a timely manner **,** could have a material adverse effect on our business and results of operations and on our ability to service our debt and to meet our working capital requirements **. In addition, higher than expected absorption rates in existing communities may result in lower than expected inventory levels until the development for replacement communities is completed** . Utility and resource shortages or rate fluctuations could have an adverse effect on our operations. Several of the markets in which we operate or may operate in the future have ~~historically~~ been subject to utility and resource shortages, including significant changes to the availability of electricity and water ~~and seasonal fluctuation in the ability of certain commodities, particularly lumber~~ . Shortages of natural resources in our markets may make it more difficult for us to obtain regulatory ~~approval~~ **approvals** of ~~18new~~ -- **new** developments. **For example, certain areas in which we operate, particularly the Western United States, have experienced and continue to experience severe drought conditions. In response to these conditions, government officials often take a number of steps to preserve potable water supplies. To address the state' s mandate and their own available potable water supplies, local water agencies / suppliers could potentially: restrict, delay the issuance of, or proscribe new water connection permits for homes; increase the costs for securing such permits, either directly or by requiring participation in impact mitigation programs; adopt higher efficiency requirements for water- using appliances or fixtures; limit or ban the use of water for construction activities; impose requirements as to the types of allowed plant material or irrigation for outdoor landscaping that are more strict than state standards and less desired by consumers; and / or impose fines and penalties for noncompliance with any such measures. These local water agencies / suppliers could also increase rates and charges to residential users for the water they use, potentially increasing the cost of homeownership.** We **also** have ~~also~~ experienced ~~material~~ fluctuations in utility and resource costs across our markets due, in part, to rising inflation and supply chain disruptions, and we may incur additional costs and may not be able to complete construction on a timely basis if such fluctuations arise ~~. In particular, as the housing market improved and the number of new homes being constructed has increased, we have experienced increased construction costs due to additional competition for labor and materials, the supply of which have recently been constrained by labor shortages and supply chain issues, respectively, both of which have caused, and may in~~

~~the future cause, construction delays~~ . Furthermore, these shortages and rate fluctuations may adversely affect the regional economies in which we operate, which may reduce demand for our homes and negatively affect our business and results of operations. A major health and safety incident relating to our business could be costly in terms of potential liabilities and reputational damage. Building sites are inherently dangerous, and operating in the homebuilding industry poses certain inherent health and safety risks. Given the number of projects we work on, health and safety performance is critical to the success of all areas of our business. Any failure in health and safety performance may result in penalties for non- compliance with relevant regulatory requirements, and a failure that results in a major or significant health and safety incident is likely to be costly in terms of potential liabilities incurred as a result. Such a failure could also generate significant negative publicity, which could adversely impact our reputation, sales of our homes, relationships with relevant regulatory agencies and governmental authorities, and our ability to win new business, which in turn could have a material adverse effect on our business, financial condition and operating results. ~~We~~ **19We** may not be able to compete effectively against competitors in the homebuilding industry, especially in our recent markets and new markets we plan to enter. Competition in the homebuilding industry is intense, and there are relatively low barriers to entry into our business. We compete with large national and regional homebuilding companies and with smaller local homebuilders for home buying customers, land, financing, raw materials, and skilled management and labor resources. A number of our primary competitors are significantly larger, have a longer operating history, a more diversified geographic footprint and may have greater resources, less leverage or lower cost of capital than ours. Accordingly, these competitors may be able to compete more effectively in one or more of the markets in which we operate. In addition, their increased scale may allow them to endure higher land and labor costs and buy raw materials more cheaply, as well as be less vulnerable to general economic conditions and fluctuations in housing demand. Many of these competitors have long- standing relationships with subcontractors and suppliers in the markets in which we operate and therefore better access to qualified labor and lower raw material costs. As we have expanded our operations into new markets, we have faced and will likely continue to face new competition from many established homebuilders in those markets, and we will not have the benefit of the extensive relationships and strong reputations with subcontractors, suppliers and homebuyers that we have historically enjoyed in our Colorado and other legacy markets **. In addition, the homebuilding industry has been subject to increasing consolidation. Consolidation in our industry not involving our Company could result in existing competitors increasing their market share through business combinations and result in stronger competitors. We may be unable to compete successfully in an increasingly consolidated industry and cannot predict with certainty how industry consolidation will affect our competitors or us** . Increased competition could hurt our business, as it could prevent us from acquiring attractive land parcels on which to build homes or make such acquisitions more expensive, increase our labor and raw material costs, hinder our growth plans, lead to pricing pressures on our homes; cause us to increase selling concessions; and cause impairments in the value of our inventory or other assets, all of which may adversely impact our revenues, margins and other operating results. We also compete with sellers of existing homes, including foreclosed homes, and more recently with rental housing, including in particular single- family rentals. Until 2012, the single- family rental business consisted primarily of private and individual investors in local markets and was managed individually or by small, local property managers. Since then, numerous large, well- capitalized real estate investment trusts and other vehicles have entered this business, resulting in a significant increase in the number of single- family rental homes. More recently, traditional homebuilders have entered this market, constructing communities of single- family rental homes. Increases in and an oversupply of competitively priced resale, foreclosure or rental homes in our markets could adversely affect our ability to sell homes profitably. ~~One of our strategic initiatives is to evaluate opportunistic strategies for construction of single- family and multi- family rental units.~~ We have only recently entered into the multi- family rental industry and continue to assess whether to **further** expand **into this segment or to enter** into the single- family rental industry. Our wholly owned subsidiary, Century Living, LLC, is **currently** engaged in the development, construction and management of **three** multi- family rental properties ~~, primarily in Colorado, with the intent to dispose of properties shortly after achieving stabilized rental operations. During 2022, our Century Living operations commenced construction on three multi- family projects~~ in Colorado. This strategy involves risks, especially in light of the numerous large, well- capitalized real estate investment trusts and other vehicles and companies that have entered this business. Before a multi- family rental unit generates any revenues, we are required to make significant expenditures to acquire land; obtain permits, development approvals and entitlements; and to construct the building. Accordingly, this new line of business requires additional capital, and we face competition in securing debt financing or potential equity partners. In this business, we compete for tenants with the large supply of already existing or newly built single- and multi- family rental units, as well as with sellers of homes. These competitive conditions could negatively impact our ability to find renters for the multi- family rental units we are building or the prices for which they can be rented. These competitive conditions could negatively impact our ability to succeed in this business if we decide to pursue it more aggressively. ~~19If~~ **If** we are unable to successfully compete in the homebuilding industry, especially in our recent markets and new markets we plan to enter, our business, prospects, liquidity, financial condition and results of operations could be materially and adversely affected. Raw materials and building supply shortages and price fluctuations could delay or increase the cost of home construction and adversely affect our operating results. The homebuilding industry ~~has~~ , from time to time, **has** experienced **and will likely continue to experience** raw material shortages and been adversely affected by volatility in global commodity prices and government imposed tariffs and trade regulations. In particular, shortages and fluctuations in the price of concrete, drywall, steel, lumber or other important raw materials **in the past have resulted and in the future** could result in delays in the start or completion of, or increase the cost of, developing one or more of our residential communities. These shortages can be more severe during periods of strong demand for housing or during periods following natural disasters that have a significant impact on existing residential and commercial structures. The cost of raw materials also **in the past have been and in the future** may be materially and adversely affected during periods of shortages or high inflation ~~. In~~ **, such as in** 2021 ~~, we experienced lumber~~ and ~~other building material shortages~~

~~caused in part by supply chain disruptions and price increases resulting from such supply chain disruptions, increased demand and the rising rate of inflation. These trends continued into~~ 2022 ~~, though to a lesser degree, and may continue into 2023~~ . These shortages have caused, and ~~may~~ in the future **may** cause, construction delays, and increases in our costs of home construction. Shortages or increases in the price of raw materials could cause delays in and increase our costs of home construction. We generally are unable to pass on increases in construction costs to customers who have already entered into home purchase contracts and may not ~~be~~ **20be** able to sufficiently increase the price of homes remaining to be sold due to affordability concerns or otherwise. Sustained increases in construction costs may continue to adversely affect our gross margins, which in turn could materially and adversely affect our business, liquidity, financial condition and results of operations. The cost of petroleum products, which are used both to deliver our materials and to transport workers to our job sites, fluctuates and may be subject to increased volatility as a result of geopolitical events or accidents. Increases in such costs could also result in higher prices for any product utilizing petrochemicals. We experienced such increases during the second half of 2021, and throughout the first half of 2022, and these cost increases adversely affected our costs of land development and home construction. However, if such cost increases persist or worsen, they may have an even greater adverse effect on our operating margins and results of operations. Furthermore, any such cost increase may adversely affect the regional economies in which we operate and reduce demand for our homes. Homebuilding is subject to product liability and warranty claims arising in the ordinary course of business that can be significant. As a homebuilder, we are subject to home warranty and construction defect claims arising in the ordinary course of business. There can be no assurance that any developments we undertake on homes we construct will be free from defects once completed. Construction defects may arise in projects, developments and homes and may arise during a significant period of time after completion. Defects arising on a development or a home attributable to us may lead to significant contractual or other liabilities. As a consequence, we maintain products and completed operations excess liability insurance, obtain indemnities and certificates of insurance from subcontractors generally covering claims related to damages resulting from their faulty workmanship and materials, and create warranty and other reserves for the homes we sell based on historical experience in our markets and our judgment of the risks associated with the types of homes built. We cannot provide assurance that our insurance coverage, our subcontractor arrangements and our reserves will be adequate to address all of our warranty and construction defect claims in the future. In addition, contractual indemnities can be difficult to enforce. We may also be responsible for applicable self- insured retentions, and some types of claims may not be covered by insurance or may exceed applicable coverage limits. Additionally, the coverage offered by and the availability of products and completed operations excess liability insurance for construction defects is becoming increasingly expensive and the scope of coverage is restricted. There is no assurance that adequate insurance coverage will continue to be available with acceptable price and terms. If we cannot recover from our subcontractors or their insurance carriers, we may suffer even greater losses. Unexpected expenditures attributable to defects or previously unknown sub- surface conditions arising on a development project may also have a material adverse effect on our business, financial condition and operating results. In addition, severe or widespread incidents of defects giving rise to unexpected levels of expenditures, to the extent not covered by insurance or redress against subcontractors, may adversely affect our business, reputation, financial condition and operating results. We may suffer uninsured losses or suffer material losses in excess of insurance limits. We could suffer physical damage to property and liabilities resulting in losses that may not be fully compensated by insurance. In addition, certain types of risks, such as personal injury claims, may be, or may become in the future, either uninsurable or not economically insurable, or may not be currently or in the future covered by our insurance policies. Should an uninsured loss or a loss in excess of insured limits occur, we could sustain financial loss or lose capital invested in the affected property as well as anticipated ~~20future~~ -- **future** income from that property. In addition, we could be responsible for repairing damages or covering liabilities caused by uninsured risks. We may be liable for any debt or other financial obligations related to affected property. In the United States, the coverage offered and the availability of general liability insurance for construction defects is currently limited and is costly. As a result, an increasing number of our subcontractors in the United States may be unable to obtain insurance. If we cannot effectively recover construction defect liabilities and costs of defense from our subcontractors or their insurers, or if we have self- insured subcontractors who cannot cover the losses they cause, we may suffer losses. Insurance coverage may be further restricted and become even more costly in our industry. Premium amounts on many of our insurance policies are subject to audit during or following the expiration of the policy, which may result in an obligation to pay additional premiums. Such circumstances could adversely affect our business, financial condition and operating results. Our operating performance is subject to risks associated with the real estate industry. Real estate investments are subject to various risks and fluctuations and cycles in value and demand, many of which are beyond our control. Certain events may decrease cash available for operations, as well as the value of our real estate assets. These events include, but are not limited to: ? adverse changes in financial conditions of buyers and sellers of properties, particularly residential homes and land suitable for development of residential homes; ? adverse changes in international, national or local economic and demographic conditions; **21** ? competition from other real estate investors with significant capital, including other real estate operating companies and developers and institutional investment funds; ? reductions in the level of demand for and increases in the supply of land suitable for development; ? fluctuations in interest rates, including the ~~recent~~ interest rate increases imposed by the Federal Reserve **during the past couple of years** , which could adversely affect our ability, or the ability of homebuyers, to obtain financing on favorable terms, or at all; ? unanticipated increases in expenses, including, without limitation, insurance costs, development costs, real estate assessments and other taxes and costs of compliance with laws, regulations and governmental policies; and ? changes in enforcement of laws, regulations and governmental policies, including, without limitation, health, safety, environmental, zoning, tax and disability rights laws. In addition, periods of economic slowdown or recession, rising interest rates, inflation, or declining demand for real estate, or the public perception that any of these events may occur, could result in a general decline in the purchase of homes or an increased incidence of home order cancellations. If we cannot successfully implement our business strategy, our business, prospects, liquidity, financial condition and results of operations will be adversely affected. Because real estate investments are relatively illiquid, our ability to promptly sell one or more properties for reasonable prices in response to changing economic, financial and investment conditions may be limited and we may be forced to hold non- income producing properties for extended periods of time. Real estate investments are relatively difficult to sell quickly. As a result, our ability to promptly sell one or more properties in response to changing economic, financial and investment conditions is limited. We may be forced to sell assets at significantly lower margins or at a loss, if we are able to sell them at all, or hold non- income producing assets for an extended period of time, which could have a negative impact on our liquidity or results of operations. Our quarterly operating results may fluctuate because of the seasonal nature of our business and other factors. Our quarterly operating results generally fluctuate by season. Historically, we have entered into a larger percentage of contracts for the sale of our homes during the spring and summer months. Weather- related problems, typically in the fall, late winter and early spring, may delay starts or closings and increase costs and thus reduce **our** profitability. Seasonal natural disasters such as floods and fires could cause delays in the completion of, or increase the cost of, developing one or more of our communities, causing an adverse effect on our sales and revenues. In many cases, we may not be able to recapture increased costs by raising prices. In addition, deliveries may be staggered over different periods of the year and may be concentrated in particular quarters. Our quarterly operating results may fluctuate because of these and other factors, including without limitation: ? the timing of home closings and land sales; ? our ability to continue to acquire additional land or secure option contracts to acquire land on acceptable terms; ? conditions of the real estate market in areas where we operate and of the general economy; ? inventory impairments or other material write- downs; ? raw material and labor shortages; and ~~21~~ ? other changes in operating expenses, including the cost of labor and raw materials, personnel and general economic conditions. Poor relations with the residents of our communities could negatively impact sales, which could adversely affect our revenues or results of operations. Residents of communities we develop rely on us to resolve issues or disputes that may arise in connection with the operation or development of their communities. Efforts made by us to resolve these issues or disputes could be deemed unsatisfactory by the affected residents and subsequent actions by these residents could adversely affect our sales or reputation. In addition, we could be required to make material expenditures related to the settlement of such issues or disputes or to modify our community development plans, which could adversely affect our results of operations. Failure to manage land acquisitions and development and construction processes could result in significant cost overruns or errors in valuing sites. We own and purchase a large number of sites each year and are therefore dependent on our ability to process a very large number of transactions (which include, among other things, evaluating the site purchase, designing the layout of the development, sourcing materials and subcontractors and managing contractual commitments) efficiently and accurately. Errors by employees, failure to comply with regulatory requirements and conduct of business rules, failings or inadequacies in internal control processes, inabilities to obtain desired approvals and entitlements, cost overruns, equipment failures, natural disasters or the failure of external systems, including those ~~of~~ **22of** our suppliers or counterparties, could result in operational losses that could adversely affect our business, operating results and financial condition and our relationships with our customers. Risk Related to Our Financial Services BusinessWe are subject to various risks relating to our Financial Services business. There are numerous risks involved with engaging in our mortgage lending business. The loans we originate are often to buyers of our homes, so our pool of borrowers is generally less diverse than as is the case with a traditional lender, and thus there could be a higher correlation in the default rate with our borrowers. In addition, because we originate loans to buyers of our homes, there is the risk that we may be more incentivized, compared to more traditional lenders, to lower our underwriting standards in order to close home sales. Should we not be able to establish sufficiently stringent underwriting standards, or if our underwriting standards do not adequately screen quality applicants, the default rate on the loans we originate may be higher, which could have an adverse impact on our results of operations and financial condition, either because the borrowers under loans we own are no longer performing, or because we are required to repurchase or otherwise indemnify purchasers, guarantors or insurers of the loans we sold, securitized, or serviced. Further, if we face a high default rate on the mortgages we originate, we may be unable to sell mortgages or the pricing we receive upon the sale of mortgages may not meet our expectations. Although we have established reserves for potential losses on mortgage loans we originate and sell, securitize, or service, which we believe are adequate, if either actual repurchases or the losses incurred resolving those repurchases exceed our expectations, additional expense may be incurred. There can be no assurance that we will not have significant liabilities in respect of such claims in the future, which could exceed our reserves, or that the impact of such claims on our results of operations will not be material. Our mortgage lending business requires substantial capital, which may not continue to be available to us in the amounts we require. Inspire has mortgage warehouse facilities with ~~Comerica~~ **J. P. Morgan and Texas Capital** Bank ~~, J. P. Morgan and Wells Fargo~~ . These mortgage warehouse lines of credit ~~(which we refer to as the " Repurchase Facilities ")~~ provide Inspire with repurchase facilities of up to an aggregate of $ ~~300~~ **375** . 0 million as of December 31, ~~2022~~ **2023** , secured by the mortgage loans financed thereunder. Amounts outstanding under the ~~Repurchase~~ **repurchase** ~~Facilities~~ **facilities** are not guaranteed by us or any of our subsidiaries and the agreements contain various affirmative and negative covenants applicable to Inspire that are customary for arrangements of this type. The mortgage repurchase facilities ~~must be renewed annually~~ **have varying short term maturity dates through December 18, 2024** . We expect to renew and extend the **respective** ~~term~~ **terms** of the ~~Repurchase~~ **repurchase** ~~Facilities~~ **facilities** with similar terms prior to their maturity. Adverse changes in market conditions could make the renewal of these facilities more difficult or could result in an increase in the cost of these facilities or a decrease in the committed amounts. Such changes affecting our ~~Repurchase~~ **repurchase** ~~Facilities~~ **facilities** may also make it more difficult or costly to sell the mortgages that we originate. As of December 31, ~~2022~~ **2023** , we had $ ~~197~~ **239** . ~~6~~ **3** million outstanding under these ~~Repurchase~~ **repurchase** ~~Facilities~~ **facilities** and were in compliance with all covenants thereunder. No assurance can be provided, however, that we will remain in compliance with the covenants or have continued access to these facilities or **one or more** substitute or replacement facilities in an amount sufficient to fund our mortgage lending business. ~~22Our~~ -- **Our** Financial Services segment can be adversely affected by reduced demand for our homes ~~or by a slowdown in mortgage refinancings~~ . **Nearly all** ~~Approximately 99 %~~ of the mortgage loans closed by our Financial Services segment in ~~2022~~ **2023** were made to buyers of homes we built. Therefore, a decrease in the demand for our homes adversely affects the revenues of this segment of our business. **Future** ~~Despite overall strong demand and sales during 2021 and the beginning of 2022,~~ demand for our homes ~~softened beginning in the second quarter of 2022 and throughout the remainder of 2022 and~~ is ~~currently~~ uncertain in light of persistent inflation, **increased** ~~rapidly rising~~ interest rates for mortgage loans, decreased consumer confidence, decreased availability of credit, and other factors, including those described elsewhere in this report. If our ability to sell mortgages into the secondary market is impaired, that could significantly reduce our ability to sell homes unless we are willing to become a long- term investor in the loans we originate. We sell substantially all of the loans we originate either as loans with servicing rights released, or with servicing rights retained, in the secondary mortgage market within a short period of time after origination, generally within 30 days. If we are unable or choose not to sell loans into the secondary mortgage market or directly to Fannie Mae, Freddie Mac, and Ginnie Mae, we may have to either curtail our origination of residential mortgage loans, which among other things, could significantly reduce our ability to sell homes, or commit our own funds to long term investments in mortgage loans, which, in addition to requiring us to deploy substantial amounts of our own funds, could delay the time when we recognize revenues from home sales in our consolidated statements of operations. **We** ~~Beginning in mid- 2020 and continuing through 2022, we began retaining~~ --- **retain** mortgage servicing rights on some of our loan sales. As servicer for these loans, we may have to advance payments to the mortgage-backed securities bondholders to the extent there are insufficient collections to satisfy the required principal and interest remittances of the underlying mortgage- backed securities. Further, the value of the mortgage servicing rights may fluctuate significantly due to fluctuations in interest rates, among other factors, which may adversely impact our reported results of operations. ~~We~~ **23We** may be liable for certain limited representations and warranties we make in connection with the sale of our loans. When we sell the loans we originate, we make customary representations and warranties to purchasers, guarantors and insurers about the mortgage loans and the manner in which they were originated, and offer certain indemnities and guaranties to the purchasers, guarantors and insurers of which we are responsible. In the event of defaults on the loans we originate, we may be required to repurchase or substitute mortgage loans, or indemnify buyers, guarantors or insurers of our loans. If we have significant liabilities with respect to such claims, it could have an adverse effect on our results of operations, and possibly our financial condition. The financial services market is competitive and we may not be able to compete effectively in this area. The competitors to our Financial Services business include ~~other~~ insurance agencies, title companies and mortgage lenders, including national, regional and local mortgage banks and other financial institutions. Some of these competitors are subject to fewer governmental regulations and have greater access to capital than we do, and some of them may operate with different criteria than we do. These competitors may offer a broader or more attractive array of financing and other products and services to potential customers than we do. For these reasons, we may not be able to compete effectively in the financial services market. Governmental regulation of our Financial Services operations could adversely affect our business or financial results. Our Financial Services operations are subject to extensive state and federal laws and regulations, which are administered by numerous agencies, including but not limited to the Consumer Financial Protection Bureau, Federal Housing Finance Agency, U. S. Department of Housing and Urban Development, FHA, VA, USDA, Fannie Mae, Freddie Mac, and Ginnie Mae. These laws and regulations include many compliance requirements, including but not limited to licensing, consumer disclosures, fair lending and real estate settlement procedures. As a result, our Financial Services operations are subject to regular, extensive examinations by the applicable agencies. In addition, the possibility of additional future regulations, changing rule interpretations and examinations by regulatory agencies may result in more stringent compliance standards and could adversely affect the results of our operations. Our ability to collect upon mortgage loans may be limited by the application of state laws. Our mortgage loans typically permit us to accelerate the debt upon default by the borrower. The courts of all states will enforce acceleration clauses in the event of a material payment default, subject in some cases to a right of the court to revoke the acceleration and reinstate the mortgage loan if a payment default is cured. The equity courts of a state, however, may refuse to allow the foreclosure of a mortgage or to permit the acceleration of the indebtedness in instances in which they decide that the exercise of those remedies would be inequitable or unjust or the circumstances would render an acceleration unconscionable. ~~23Further~~ -- **Further** , the ability to collect upon mortgage loans may be limited by the application of state and federal laws. For example, Nevada has enacted a law providing that if the amount an assignee of a mortgage note paid to acquire the note is less than the face amount of the note, the assignee cannot recover more through a deficiency action than the amount it paid for the note. If the Nevada law is upheld, or similar laws are enacted in other jurisdictions, it could materially and adversely affect our ability and the ability of funds we manage to profit from purchases of distressed debt. Any cyber attack or other security breach of or vulnerability in our technology systems, or those of our customers or other third- party vendors we rely on, especially with respect to our Financial Services business, could have operational impacts, subject us to significant liability and harm our reputation. Our Financial Services operations rely heavily on the secure processing, storage and transmission of sensitive and confidential financial, personal and other information in our computer systems and networks. There have been several highly publicized cases involving financial services companies reporting the unauthorized disclosure of customer or other confidential information in recent years, as well as cyber attacks involving theft, dissemination and destruction of corporate information or other assets, in some cases as a result of failure to follow procedures by employees or contractors or as a result of actions by third parties. Cyber attacks can originate from a variety of sources, including third parties affiliated with foreign governments, organized crime or terrorist organizations. Third parties may also attempt to place individuals within our company or induce employees, customers or other users of our systems to disclose sensitive information or provide access to our data, and these types of risks may be difficult to detect or prevent. Although cybersecurity incidents among companies in the financial services industry are on the rise, we are not aware of any material losses relating to cyber attacks or other information security breaches. However, the techniques used in these attacks are increasingly sophisticated, change frequently and are often not recognized until launched. Although we seek to maintain a robust suite of authentication and layered information security controls, these controls could fail to detect, mitigate or remediate these risks in a timely manner. Despite our implementation of protective measures and endeavoring to modify them as circumstances warrant, our computer systems, software and networks may be vulnerable to human error, natural disasters, power loss, spam attacks, unauthorized access, distributed denial of service ~~attacks~~ **24attacks** , computer viruses and other malicious code, and other events that could result in significant liability and damage to our reputation, and have an ongoing impact on the security and stability of our operations. We also rely on numerous third-party service providers to conduct other aspects of our Financial Services operations, and we face similar risks relating to them. While we ~~regularly conduct security assessments on these~~ **have processes in place to manage risks associated with** third-party vendors, we cannot be certain that their information security protocols are sufficient to withstand a cyber attack or other security breach. In addition, in order to access our services, our customers may use computers and other devices that are beyond our security control systems and processes. Notwithstanding the precautions we take, if a cyber attack or other information security breach were to occur, especially with respect to our Financial Services business, this could jeopardize the information we confidentially maintain, or otherwise cause interruptions in our operations or those of our customers, exposing us to liability. As attempted attacks continue to evolve in scope and sophistication, we may be required to expend substantial additional resources to modify or enhance our protective measures, to investigate and remediate vulnerabilities or other exposures or to communicate about cyber attacks to our customers. Though we have insurance against some cyber risks and attacks, we may be subject to litigation and financial losses that exceed our policy limits or are not covered under any of our current insurance policies. Interest rate changes **typically** ~~, such as the interest rate increases imposed by the Federal Reserve throughout 2022, may~~ adversely affect us. Although we attempt to mitigate interest rate risk with hedging activities, such activities may not be effective and also involve risk. In our Financial Services business, we utilize forward commitments on mortgage- backed securities, forward commitments, and investor commitments to protect the value of interest rate lock commitments and loans held for sale from fluctuations in mortgage- related interest rates and market pricing. To mitigate interest risk associated with interest rate lock commitments and loans held for sale, we use derivative financial instruments to **economically** hedge our exposure to risk from the time a borrower locks a loan until the time the loan is ~~securitized~~ **committed** . We may obtain additional forms of interest rate protection — in the form of swap agreements, interest rate cap contracts or similar agreements — to hedge against the possible negative effects of interest rate fluctuations. However, we cannot assure that any hedging will adequately relieve the adverse effects of interest rate increases, such as the interest rate increases **or decreases** imposed by the Federal Reserve ~~throughout 2022~~ **during the past couple of years** , or that counterparties under these agreements will honor their obligations thereunder. In addition, we may be subject to risks of default by hedging counterparties. Adverse economic conditions could also cause the terms on which we borrow to be unfavorable. ~~We could be required to liquidate one or more of our assets at times which may not permit us to receive an attractive return on our assets in order to meet our debt service obligations. 24Risks~~ -- **Risks** Related to Human Capital Management Failure to recruit, retain and develop highly skilled, and competent personnel may have a material adverse effect on our standards of service and adversely affect our business. Key employees, including members of our management team, are fundamental to our ability to obtain, generate and manage business opportunities. Key employees working in the homebuilding and construction industries are highly sought after, especially in light of the unprecedented demand for new homes and current labor shortage. Failure to attract and retain such personnel or to ensure that their experience and knowledge is not lost when they leave the business through retirement, redundancy or otherwise may adversely affect the standards of our service and may have an adverse impact on our business, financial condition and operating results. In addition, we do not maintain key person insurance in respect of any member of our senior management team. The loss of any members of our management or key personnel could adversely impact our business, financial condition and operating results. Failure to find suitable contractors may have a material adverse effect on our standards of service. Substantially all of our construction work is done by third- party subcontractors with us acting as the general contractor. Accordingly, the timing and quality of our construction depend on the availability and skill of our subcontractors. An increase in levels of homebuilding in the markets in which we operate has occasionally led to some difficulty in securing the services of skilled trades people who are currently in high demand. Additionally, labor shortages ~~, such as the labor shortage that began in 2021, and persisted in 2022, has increased and may~~ further increase the difficulty in securing the services of skilled trades people. While we believe that our existing relationships with subcontractors are good, we do not have long- term contractual commitments with any subcontractors, and there can be no assurance that skilled subcontractors will continue to be available at reasonable rates and in the areas in which we conduct our operations. In addition, as we expand into new markets, we typically must develop new relationships with subcontractors in such markets, and there can be no assurance that we will be able to do so in a cost- effective and timely manner, or at all. In the future, certain of the subcontractors engaged by us may be represented by labor unions or subject to collective bargaining arrangements. A strike or other work stoppage involving any of our subcontractors could also make it difficult for us to retain subcontractors for our construction work. In addition, union activity could result in higher costs to retain subcontractors. The inability ~~to~~ **25to** contract with skilled subcontractors at reasonable costs on a timely basis could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations. Our reliance on contractors can expose us to various liability risks. We rely on third- party contractors in order to perform the construction of our homes, and in many cases, to select and obtain raw materials. We are exposed to various risks as a result of our reliance on these contractors and their respective subcontractors and suppliers, including the possibility of defects in our homes due to improper practices or materials used by contractors or jobsite safety issues, which may require us to comply with our warranty obligations and / or bring a claim under an insurance policy. For example, despite our quality control and jobsite safety efforts, we may discover that our subcontractors were engaging in improper construction or safety practices or installing defective materials in our homes. When we discover these issues, we repair the homes in accordance with our new home warranty and as required by law. We establish warranty and other reserves for the homes we sell based on market practices, our historical experiences, and our judgment of the qualitative risks associated with the types of homes built. However, the cost of satisfying our warranty and other legal obligations in these instances may be significantly higher than our warranty reserves, and we may be unable to recover the cost of repair from such subcontractors. Regardless of the steps we take, we can in some instances be subject to fines or other penalties, and our reputation may be injured. In addition, several other homebuilders have received inquiries from regulatory agencies concerning whether homebuilders using contractors are deemed to be employers of the employees of such contractors under certain circumstances. Although contractors are independent of the homebuilders that contract with them under normal management practices and the terms of trade contracts and subcontracts within the homebuilding industry, if regulatory agencies reclassify the employees of contractors as employees of homebuilders, homebuilders using contractors could be responsible for wage, hour and other employment- related liabilities of their contractors, which could adversely affect our results of operations. Century has not received similar inquiries. If we experience shortages in labor supply, increased labor costs or labor disruptions, there could be delays or increased costs in developing our communities or building homes, which could adversely affect our margins and other operating results. We require a qualified labor force to develop our communities. Access to qualified labor and the costs for such labor may be affected by circumstances beyond our control, including: ? shortages of qualified trades people, such as carpenters, roofers, electricians and plumbers, especially in our key markets; ~~25~~ ? work stoppages resulting from labor disputes; ? changes in laws relating to union organizing activity; ? changes in immigration laws and trends in labor force migration; and ? increases in wages and subcontractor and professional services costs. Any of these circumstances could give rise to delays in the start or completion of, or increase the costs of, developing one or more of our communities and building homes. Labor shortages ~~, such as the labor shortage that began in 2021 and persisted in 2022,~~ can be more severe during periods of strong demand for housing and pricing for labor can be affected by the factors discussed above and various other national, regional and local economic and political factors. We may not be able to recover these increased costs by raising our home prices because the price for each home is typically set months prior to its delivery pursuant to sales contracts with our homebuyers and due to affordability concerns. In such circumstances, our operating results, including in particular, our margins, could be adversely affected. Additionally, market and competitive forces may also limit our ability to raise the sales prices of our homes. We depend on key personnel, the loss of which could have a material adverse effect on our business. Our success depends to a significant degree upon the contributions of certain key personnel including, but not limited to, Dale Francescon and Robert Francescon, our Co- Chief Executive Officers, each of whom would be difficult to replace. Although we have entered into employment agreements with Dale Francescon and Robert Francescon, there is no guarantee that these executives will remain employed with us. In addition, we are dependent upon other key personnel, including in particular managerial, technical, sales and marketing, operations, and customer service personnel. Our future success will depend in large part on our ability to identify, attract, engage, train and retain highly qualified personnel. Competition for these individuals is intense, and we may not succeed in identifying, attracting, or retaining qualified personnel. The loss or interruption of the services of any of our executive officers or other key employees, the inability to identify, attract, or retain qualified personnel in the future, the inability to successfully implement executive officer, key employee or other personnel transitions, delays in hiring qualified personnel, or any employee work slowdowns, strikes, or similar actions could make it difficult for us to conduct and manage our business and meet key objectives, which could harm our business, financial condition, and operating results. The loss of services from key personnel or a limitation in their availability could materially and adversely impact our business, prospects, liquidity, financial condition and results of operations. Further, such a loss could be ~~negatively~~ **26negatively** perceived in the capital markets. We have not obtained and do not expect to obtain key person life insurance that would provide us with proceeds in the event of death or disability of any of our key personnel. Termination of the employment agreements with the members of our executive management team could be costly and prevent a change in control of the Company. The employment agreements we have entered into with Dale Francescon and Robert Francescon, our Co- Chief Executive Officers, and Dave Messenger, our Chief Financial Officer, each provide that if their employment with us terminates under certain circumstances, we may be required to pay them significant amounts of severance compensation, thereby making it costly to terminate their employment. In addition, under certain circumstances, the termination of employment of one of our Co- Chief Executive Officers could result in the termination of employment of our other Co- Chief Executive Officer which would result in a requirement for us to pay severance compensation to **one or** both former executives. Furthermore, these provisions could delay or prevent a transaction or a change in control of the Company that might involve a premium paid for shares of our common stock or otherwise be in the best interests of our stockholders, which could adversely affect the market price of our common stock. Risks Related to the Governmental, Regulatory, Legal and Compliance Matters Government regulations and legal challenges may delay the start or completion of our communities, increase our expenses or limit our homebuilding or other activities, which could have a negative impact on our results of operations. Various local, state and federal statutes, ordinances, rules and regulations concerning building, health and safety, environment, zoning, sales and similar matters apply to and / or affect the housing industry, and the approval of numerous governmental authorities must be obtained in connection with our development activities. These governmental authorities often have broad discretion in exercising their approval authority. We incur substantial costs related to compliance with legal and regulatory requirements in the markets in which we operate. Restrictive land use regulation and changes in legal and regulatory requirements may cause us to incur substantial additional costs, or in some cases, cause us to determine that a property we acquired is not feasible for development. This is particularly true in certain of the markets in which operate, including in particular California, Washington, and parts of Texas, among others. Municipalities may restrict or place moratoriums on the availability of building permits and utilities, such as water and sewer taps. If municipalities in which we operate take such actions, it could have an adverse effect on our business by causing delays, increasing our costs or limiting our ability to build in those municipalities. In addition, we may become subject to various state and local " slow growth " ~~26or~~ **or** " no growth " initiatives and other restrictions that could negatively impact the availability of land and building opportunities within those localities. Governmental regulation affects not only construction activities but also sales activities, mortgage lending activities and other dealings with consumers. In addition, it is possible that some form of expanded energy efficiency legislation may be passed by the U. S. Congress or federal agencies and certain state and provincial legislatures, which may, despite being phased in over time, significantly increase our costs of building homes and the sale price to our buyers, and adversely affect our sales volumes. We may be required to apply for additional approvals or modify our existing approvals because of changes in local circumstances or applicable law. Further, we may experience delays and increased expenses as a result of legal challenges to our proposed communities, whether brought by governmental authorities or private parties. Finally, because of our need to obtain governmental approvals in connection with our development activities, government shutdowns or slowdowns may have an adverse effect on our business. Changes in accounting rules, assumptions and / or judgments could materially and adversely affect us. Accounting rules and interpretations for certain aspects of our operations are highly complex and involve significant assumptions and judgment. Refer to Note 1 – Nature of Operations and Summary of Significant Accounting Policies in the Notes to the Consolidated Financial Statements for a description of certain changes in accounting rules and interpretations that may affect our future results of operations. These complexities could lead to a delay in the preparation and dissemination of our financial statements. Furthermore, changes in accounting rules and interpretations or in our accounting assumptions and / or judgments, such as asset impairments and contingencies, could significantly impact our financial statements. In some cases, we could be required to apply a new or revised standard retroactively, resulting in restating prior period financial statements. Any of these circumstances could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations. ~~We~~ **27We** may face substantial damages or be enjoined from pursuing important activities as a result of existing or future litigation, arbitration or other claims. In our homebuilding activities, we are exposed to potentially significant litigation, including, among others, breach of contract, contractual disputes and disputes relating to defective title, property misdescription or construction defects, including use of defective materials. Although we have established warranty, claim and litigation reserves that we believe are adequate, due to the uncertainty inherent in litigation, legal proceedings may result in the award of substantial damages against us that exceed our reserves. Furthermore, plaintiffs may in certain of these legal proceedings seek class action status with potential class sizes that vary from case to case. Class action lawsuits can be costly to defend and settle, and if we were to lose any certified class action suit, it could result in substantial liability for us. In addition, we are subject to potential lawsuits, arbitration proceedings and other claims in connection with our business. With respect to certain general liability exposures, including construction defect and product liability claims, interpretation of underlying current and future trends, assessment of claims and the related liability and reserve estimation process require us to exercise significant judgment due to the complex nature of these exposures, with each exposure often exhibiting unique circumstances. Furthermore, once claims are asserted for construction defects, it is difficult to determine the extent to which the assertion of these claims will expand geographically. As a result, our insurance policies may not be available or adequate to cover any liability for damages, the cost of repairs, and / or the expense of litigation surrounding current claims, and future claims may arise out of events or circumstances not covered by insurance and not subject to effective indemnification agreements with our subcontractors. Should such a situation arise, it may have a material adverse effect on our business, financial condition and operating results. We are subject to liability under various data protection laws, the non- compliance of which could subject us to significant monetary damages, regulatory enforcement actions, fines and / or criminal prosecution. Data protection and privacy laws have been enacted by the U. S. federal and state governments, including **, for example,** the California Consumer Privacy Act ~~, which became effective on January 1, 2020~~, Virginia' s Consumer Data Protection Act, ~~which became effective on January 1, 2023,~~ the Colorado Privacy Act ~~, which will become effective on July 1, 2023~~, the Connecticut Personal Data Privacy and Online Monitoring Act, ~~which will become effective on July 1, 2023,~~ and the Utah Consumer Privacy Act, ~~which will become effective on December 31, 2023,~~ and the regulatory regime continues to evolve and is increasingly complex and demanding. Many **other** states are considering privacy and security legislation and there are ongoing discussions regarding a national privacy law. Variations in requirements across other states could present compliance challenges, as well as significant costs related to compliance. In providing Financial Services to customers, we manage, utilize and store sensitive or confidential client or employee data, including personal data. As a result, we are subject to numerous laws and regulations designed to protect this information, such as U. S. federal, state and international laws governing the protection of personally identifiable information. ~~27If~~ **If** any person, including any of our employees, negligently disregards or intentionally breaches our established controls with respect to customer or employee data, or otherwise mismanages or misappropriates such data, we could be subject to significant monetary damages, regulatory enforcement actions, fines and / or criminal prosecution. In addition, unauthorized disclosure of sensitive or confidential customer or employee data, whether through system failure, employee negligence, fraud or misappropriation, could damage our reputation and cause us to lose customers and related revenue. Potential liability in the event of a security breach of customer data could be significant. Depending on the circumstances giving rise to the breach, this liability may not be subject to a contractual limit or an exclusion of consequential or indirect damages. Failure by our directors, officers, employees or contractors to comply with applicable laws and regulations and codes of conduct could materially and adversely affect us. We are required to comply with laws and regulations that govern all aspects of our business, including land acquisition, development, home construction, labor and employment, mortgage origination, title and escrow operations, sales of homes and warranties. It is possible that our employees or entities engaged by us, such as subcontractors, could intentionally or unintentionally violate some of these laws and regulations. Although we endeavor to take immediate action if we become aware of such violations, we may incur fines or penalties as a result of these actions and our reputation with governmental agencies and our customers could be damaged. In addition, we have adopted a code of business conduct and ethics for our directors, officers and employees. Our adoption of this code and other standards of conduct is not a representation or warranty that all persons subject to this code or standards are or will be in complete compliance. The failure of a director, officer or employee to comply with the applicable code or standards of conduct may result in termination of the relationship and / or adverse publicity, which could materially and adversely affect us. ~~Risks~~ **28Risks** Related to Environmental MattersWe are subject to environmental laws and regulations, which may increase our costs, limit the areas in which we can build homes and delay completion of our projects. We are subject to a variety of local, state and federal statutes, rules and regulations concerning land use and the protection of health and the environment, including those governing discharge of pollutants to water and air, the handling of hazardous materials, including asbestos, and the cleanup of contaminated sites. We may be liable for the costs of removal, investigation or remediation of hazardous or toxic substances located on, under, from or in a property currently or formerly owned, leased or occupied by us, whether or not we caused or knew of the pollution. The costs of any required removal, investigation or remediation of such substances or the costs of defending against environmental claims may be substantial. The presence of such substances, or the failure to remediate such substances properly, may also adversely affect our ability to sell the land or to borrow using the land as security. Environmental impacts from historical activities have been identified at some of the projects we have developed in the past and additional projects may be located on land that may have been contaminated by previous use. Although we are not aware of any projects requiring material remediation activities by us as a result of historical contamination, no assurances can be given that material claims or liabilities relating to such developments will not arise in the future. The particular impact and requirements of environmental laws that apply to any given site vary greatly according to the community, the site' s environmental conditions and the present and former use of the site. From time to time, the United States Environmental Protection Agency and other federal or state agencies review homebuilders' compliance with environmental laws and may levy fines and penalties for failure to comply with applicable environmental laws or impose additional requirements for future compliance as a result of past failures. Any such actions taken with respect to us may increase our costs. We expect that increasingly stringent requirements may be imposed on homebuilders in the future. Compliance with environmental laws that affect our building sites or our business may result in delays, cause us to implement time consuming and expensive compliance programs and prohibit or severely restrict development in certain environmentally sensitive regions or areas, such as wetlands. It may not be obvious during our pre- development review of project sites whether a site has environmental concerns, which could cause us to unnecessarily expend time and resources. Environmental regulations can also have an adverse impact on the availability and price of certain raw materials, such as lumber. Furthermore, we could incur substantial costs, including cleanup costs, fines, and penalties, as well as damages from third- parties for property damage or personal injury as a result of our failure to comply with applicable environmental laws and regulations. In addition, we are subject to third- party challenges to the permits and other approvals required for our projects and operations, such as by environmental groups, under environmental laws and regulations. There is a growing concern from advocacy groups and the general public that greenhouse gas emissions and other human activities have caused, or will cause, significant changes in weather patterns and temperatures and the frequency and severity of natural disasters. Government mandates, standards and regulations enacted in response to these projected climate changes impacts could result in restrictions on land development in certain areas, such as areas prone to drought, or increased energy, transportation and raw material costs that may adversely affect our financial condition and results of operations. ~~28We~~ **We** may be liable for claims for damages as a result of use of hazardous materials. As a homebuilding business with a wide variety of historic homebuilding and construction activities, we could be liable for future claims for damages as a result of our past or present use of hazardous materials, including building materials which in the future become known or are suspected to be hazardous. Any such claims may adversely affect our business, financial condition and operating results. Insurance coverage for such claims may be limited or non- existent. Our properties may contain or develop harmful mold, which could lead to liability for adverse health effects and costs of remediating the problem. Litigation and concern about indoor exposure to certain types of toxic molds have been increasing as the public becomes increasingly aware that exposure to mold can cause a variety of health effects and symptoms, including allergic reactions. Toxic molds can be found almost anywhere as they can grow on virtually any organic substance as long as moisture and oxygen are present. There are molds that can grow on wood, paper, carpet, foods and insulation. When excessive moisture accumulates in buildings or on building materials, mold growth will often occur, particularly if the moisture problem remains undiscovered or unaddressed. It is impossible to eliminate all mold and mold spores in the indoor environment. If mold or other airborne contaminants exist or appear at our properties, we may have to undertake a costly remediation program to contain or remove the contaminants or increase indoor ventilation. If indoor air quality were impaired, we could be liable to our homebuyers or others for property damage or personal injury and our reputation could be harmed. ~~Risks~~ **29Risks** Related to Weather and Climate Change Adverse weather and geological conditions may increase costs, cause project delays and reduce consumer demand for housing, all of which could materially and adversely affect our business and results of operations. Significant weather conditions and natural disasters in the geographic areas where we operate, such as hurricanes, tornadoes, earthquakes, volcanic activity, wildfires, ice storms, snow storms, landslides and soil subsidence, droughts, floods, and heavy or prolonged precipitation could damage projects, cause delays in completion of projects, or reduce consumer demand for housing. Extreme weather conditions and natural disasters could also disrupt or cause shortages in labor or materials, which could delay project completion or result in increases in the prices for labor or materials, thereby affecting our sales and profitability. The climates of certain of the states in which we operate present increased risks of adverse weather or natural disasters. For example, Colorado has historically experienced seasonal wildfires, snow storms, and soil subsidence; Texas has historically experienced tornadoes, coastal flooding and hurricanes; California and Nevada have historically experienced earthquakes, extreme temperatures, wildfires, and droughts and water shortages; and Florida and the Carolinas have historically experienced a risk of hurricanes, such as Hurricane Ian, which disrupted our operations in Florida in 2022, and coastal flooding, resulting in temporary reductions in sales and closings. In addition to directly damaging or delaying our projects, natural disasters and extreme weather events could damage roads and highways providing access to those projects, thereby adversely affecting our ability to market homes in those areas and possibly increasing the costs of completion. Some conditions, such as severe drought or risk of flooding, may cause state and local governments to take restrictive actions, such as placing moratoriums on the issuance of new building permits or issuing new building codes and standards that increase building costs. Our insurance policies may not fully cover losses resulting from these events or any related business interruption. For example, losses associated with floods, landslides, earthquakes and other geological events may not be insurable and other losses, such as those arising from terrorism, may not be economically insurable. A significant uninsured loss could materially and adversely affect our business, prospects, liquidity, financial condition and results of operations. Changes in global or regional climate conditions and governmental actions in response to such changes may adversely affect us by increasing the costs of, or restricting, our planned or future growth activities. Climate change, if it continues as currently projected, may exacerbate the scarcity or presence of water and other natural resources in affected regions, which could limit, prevent or increase the costs of residential development in certain areas. In addition, there is a variety of new legislation being enacted, or considered for enactment, at the federal, state and local level relating to energy and climate change, and as climate change concerns continue to grow, legislation and regulations of this nature are expected to continue. This legislation relates to items such as carbon dioxide emissions and building codes that impose energy efficiency standards. Government mandates, restrictions, standards or regulations intended to mitigate or reduce greenhouse gas emissions or projected climate change impacts could result in prohibitions or severe restrictions on land development in certain areas, increased energy, transportation or raw material costs, and increased compliance expenses and other financial obligations to meet permitting, land development, or home construction- related requirements that we may be unable to fully recover (due to market conditions or other factors), any of which could cause a reduction in our homebuilding gross margins and materially and adversely affect our results of operations. Energy- related initiatives could similarly affect a wide variety of companies throughout the United States and the world, and because our results of operations are heavily dependent on purchasing significant amounts of raw materials, these initiatives could have an indirect adverse ~~29impact~~ -- **impact** on our results of operations and profitability to the extent the manufacturers and suppliers of our materials are burdened with expensive cap and trade, tariffs, or other climate related regulations. As a result, climate change impacts, and the laws and land development and home construction standards implemented to address potential climate change concerns, could result in an increase in our costs and have a long- term adverse impact on our business and results of operations. This is a particular concern in the western U. S., where some of the most extensive and stringent environmental laws and residential building construction standards in the country have been instituted, and where some of our business operations are located. Further, existing and prospective regulatory and societal responses to climate change intended to reduce potential climate change impacts may increase the upfront costs of purchasing a home, costs to maintain the home and its systems, energy and utility costs and the cost to obtain homeowner and various hazard and flood insurance, or limit homeowners' ability to obtain these insurance policies altogether. Although these items have had no material effect on our business, they could adversely affect our business in the future. Public company stockholders are increasingly sensitive to the climate change impacts and mitigation efforts of companies, are increasingly seeking enhanced disclosure on the risks, challenges, governance implications, and financial impacts of climate change faced by companies and are demanding that companies take a proactive approach to addressing perceived environmental risks, including risks associated with climate change, relating to their operations. In an effort to increase climate change disclosure, the SEC proposed climate disclosure rules that would require new climate- related disclosure in SEC filings, as described below. Adverse publicity related to our handling of climate change mitigation efforts or compliance with governmental actions or climate- related litigation that impacts us could have a negative impact on our business. ~~New~~ **30New** climate disclosure rules, if adopted by the SEC, may increase our costs and litigation risks, which could materially and adversely affect our future results of operations and financial condition. **The** ~~During 2022, the~~ SEC **has** proposed new climate disclosure rules, which, if adopted, would require new climate- related disclosure in SEC filings, including certain climate- related metrics and greenhouse gas emissions data, information about climate- related targets and goals, transition plans, if any, and extensive attestation requirements. In addition to requiring public companies to quantify and disclose direct emissions data, the new rules also would require disclosure of climate impact arising from the operations and uses by the company' s business partners and contractors and end- users of the company' s products and / or services. We are currently assessing the impact of the new rules, if adopted as proposed, but at this time, we cannot predict the costs of implementation or any potential adverse impacts resulting from the new rules if adopted. However, we may incur increased costs relating to the assessment and disclosure of climate- related risks and increased litigation risks related to disclosures made pursuant to the new rules, either of which could materially and adversely affect our future results of operations and financial condition. Risk Related Acquisitions and Joint Venture InvestmentsAcquisitions, investments and / or disposals involve risks. As a part of our business strategy, we have made seven acquisitions since 2013 **, and we recently announced the acquisition of Landmark Homes of Tennessee, Inc.,** and we intend to continue to explore future acquisitions, or significant investments in, and / or disposals of businesses. Acquisitions, investments and / or disposals involve risks, such as: ⍰ difficulties in assimilating the operations and personnel of acquired companies or businesses; ⍰ diversion of our management' s attention from ongoing business concerns; ⍰ disruption to our existing operations and plans; ⍰ inability to effectively manage our expanded operations; ⍰ our potential inability to maximize our financial and strategic position through the successful incorporation or disposition of operations; ⍰ difficulties or delays in integrating and assimilating operations, including information and financial systems, or in realizing projected efficiencies, growth prospects, cost savings, and synergies; ⍰ maintenance of uniform standards, controls, procedures and policies; ⍰ impairment of existing relationships with employees, contractors, suppliers and customers as a result of the integration of new management personnel and cost- saving initiatives; ⍰ adverse impact on overall profitability if our expanded operations do not achieve the financial results projected in our valuation models and as a result of the effect of any required step- up to the historical basis of an acquired home; ⍰ reallocation of amounts of capital from other operating initiatives and / or an increase in our leverage and debt service requirements to pay acquisition purchase prices or other business venture investment costs, which could in turn restrict our ability to access additional capital when needed or pursue other important elements of our business strategy; ⍰ inaccurate assessment of additional post- acquisition or business venture investments, undisclosed, contingent or other liabilities or problems, unanticipated costs associated with an acquisition or other business venture, and an inability to recover or manage such liabilities and costs; ~~30~~ ? incorrect estimates made in the accounting for acquisitions and incurrence of non- recurring charges; and ? write- off of significant amounts of goodwill or other assets as a result of deterioration in the performance of an acquired business, adverse market conditions, changes in the competitive landscape, changes in laws or regulations that restrict activities of an acquired business, or as a result of a variety of other circumstances. We cannot guarantee that we will be able to successfully integrate any company or business that we might acquire in the future, and our failure to do so could harm our current business. In addition, we may not realize the anticipated benefits of an acquisition or other similar transaction at all or within a reasonable time period and there may be other unanticipated or unidentified effects. While we would seek protection, for example, through warranties and indemnities in the case of acquisitions, significant liabilities may not be identified in due diligence or come to light after the expiry of warranty or indemnity periods. Additionally, while we would seek to limit our ongoing exposure, for example, through liability caps and period limits on warranties and indemnities in the case of disposals, some warranties and indemnities may give rise to unexpected and significant liabilities. Any claims arising in the future may adversely affect our business, financial condition and operating results. A significant portion of our historical growth has been due to our prior acquisitions and we may not be able to continue to grow through acquisitions. A significant portion of our historical growth has been due in part to our prior acquisitions and we intend to continue to explore future acquisitions of, or significant investments in, businesses that offer complementary products and services or otherwise support our growth ~~objectives~~ **31objectives** . However, we cannot assure you that we will continue to identify attractive acquisition targets and consummate acquisitions. As a result of any future acquisitions and the incurrence of debt in connection therewith, the amount of our indebtedness may be significantly higher than prior to the consummation of such acquisitions. As a result, we cannot assure you that we will be able to arrange financing for future acquisitions on terms acceptable to us. In addition, as a result of our prior acquisitions, our company is substantially larger than we have been in the past, and we may face additional scrutiny in connection with federal and state governmental approvals in connection with any future acquisitions of attractive targets or may not be able to obtain such approvals on a time basis or at all. The realization of any of these risks could adversely affect our business. We have intangible assets, including goodwill, primarily as a result of our prior acquisitions. If these assets become impaired, then our results of operations may be adversely affected. As of December 31, ~~2022~~ **2023** , we had $ 30. 4 million in goodwill, related primarily to our prior business combinations and acquisitions. If the carrying value of our intangible assets is deemed impaired, the carrying value is written down to fair value. This would result in a charge to our earnings. If management' s expectations of future results and cash flows decrease significantly, impairments of the remaining intangible assets may occur, which would adversely affect our results of operations. Any joint venture investments that we make could be adversely affected by our lack of sole decision- making authority, our reliance on co- venturers' financial conditions and disputes between us and our co- venturers. Although it is currently not a focus in our business strategy, we may in the future continue to co- invest with third parties through partnerships, joint ventures or other entities, acquiring non- controlling interests in or sharing responsibility for managing the affairs of a land acquisition and / or a development. In this event, we would make a capital investment and may not be in a position to exercise sole decision- making authority regarding the acquisition and / or development, and our investment may be illiquid due to our lack of control. Investments in partnerships, joint ventures, or other entities may, under certain circumstances, involve risks not present were a third party not involved, including the possibility that partners or co- venturers might become bankrupt, fail to fund their share of required capital contributions, make poor business decisions or block or delay necessary decisions. Partners or co- venturers may have economic or other business interests or goals which are inconsistent with our business interests or goals, and may be in a position to take actions contrary to our policies or objectives. Such investments may also have the potential risk of impasses on decisions, such as a sale, because neither we nor the partner or co- venturer would have full control over the partnership or joint venture. Disputes between us and partners or co- venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and / or directors from focusing their time and effort on our business. In addition, we may in certain circumstances be liable for the actions of our third- party partners or co- venturers. Risks Related to Our Indebtedness and LiquidityDifficulty in obtaining sufficient capital **or refinancing our existing indebtedness** could result in an inability to acquire land for our developments or increased costs and delays in the completion of our development projects. The homebuilding industry is capital- intensive and requires significant up- front expenditures to acquire land parcels and begin development. If our internally generated funds are not sufficient, we may seek additional capital in the form of equity or debt financing ~~31from~~ -- **from** a variety of potential sources, including additional bank financings and / or securities offerings **. In addition, given the current maturity of our existing indebtedness, we will likely refinance some or all of this indebtedness prior to their respective maturity dates** . The availability of borrowed funds, especially for land acquisition and construction financing, may be greatly reduced nationally, and the lending community may require increased amounts of equity to be invested in a project by borrowers in connection with both new loans and the extension of existing loans. The credit and capital markets in the past have experienced significant volatility. Continued volatility in these markets may restrict our flexibility to access such financing when needed. If we are not successful in obtaining sufficient capital **or refinancing our existing indebtedness** to fund our planned capital and other expenditures, when needed, we may be unable to acquire land for our housing developments and / or to develop the housing. Additionally, if we cannot obtain additional financing to fund the purchase of land under our option contracts or purchase contracts, we may incur contractual penalties and fees. Any difficulty in obtaining sufficient capital for planned development expenditures could also cause project delays and any such delay could result in cost increases. Any one or more of the foregoing events could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations. We have substantial indebtedness and expect to continue to use leverage in executing our business strategy, which could have important consequences on our business and adversely affect the return on our assets. As of December 31, ~~2022~~ **2023** , we had approximately $ 1. ~~2~~ **3** billion in outstanding indebtedness, consisting of $

500. 0 million outstanding on our 3. 875 % senior notes due 2029, $ 500. 0 million outstanding on our 6. 750 % senior notes due 2027, no amounts outstanding under our revolving line of credit, $ ~~197~~ **239** . ~~6~~ **3** million in borrowings outstanding under our mortgage repurchase facilities, and $ ~~28~~ **69** . ~~1~~ **6** million ~~outstanding~~ **32outstanding** under other financing obligations. As of December 31, ~~2022~~ **2023** , we had a $ 800. 0 million revolving line of credit, of which no amounts were outstanding. Our board of directors will consider a number of factors when evaluating our level of indebtedness and when making decisions regarding the incurrence of new indebtedness, including the purchase price of assets to be acquired with debt financing, the estimated market value of our assets and the ability of particular assets, and the Company as a whole, to generate cash flow to cover the expected debt service. Our charter does not contain a limitation on the amount of debt we may incur, and our board of directors may change our target debt levels at any time without the approval of our stockholders. This substantial indebtedness, as well as any future indebtedness we may incur, could have important consequences for our business and holders of our securities, including: making it more difficult for us to satisfy our obligations with respect to our debt or to our trade or other creditors; causing us to pay higher interest rates upon refinancing indebtedness if interest rates rise; increasing our vulnerability to adverse economic or industry conditions; limiting our ability to obtain additional financing to fund capital expenditures and acquisitions, particularly when the availability of financing in the capital markets is limited; requiring a substantial portion of our cash flows from operations for the payment of interest on our debt and reducing our ability to use our cash flows to fund working capital, land purchases, capital expenditures, acquisitions, stock repurchases, and general corporate requirements; limiting our flexibility in planning for, or reacting to, changes in our business and the homebuilding industry; and placing us at a competitive disadvantage to less leveraged competitors. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us through capital markets financings or under our credit facilities or otherwise in an amount sufficient to enable us to pay our indebtedness, or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness, on or before its maturity. Our mortgage repurchase facilities have varying short term dates through December ~~21~~ **18** , ~~2023~~ **2024** . Our revolving line of credit expires in 2026 and a portion of our senior notes mature in 2027. We cannot assure you that we will be able to refinance any of our indebtedness on commercially reasonable terms, or at all. In addition, we may incur additional indebtedness in order to finance our operations, make acquisitions or to repay existing indebtedness. If we cannot service our indebtedness, we may have to take actions such as selling assets, seeking additional debt or equity or reducing or delaying capital expenditures, strategic acquisitions, investments and alliances. We cannot assure you that any such actions, if necessary, could be effected on commercially reasonable terms, or at all, or on terms that would be advantageous to our stockholders or on terms that would not require us to breach the terms and conditions of our existing or future debt agreements. Access to future financing **or refinancing** sources may not be available on favorable terms, or at all, especially in light of current market conditions, which could adversely affect our ability to maximize our returns. We expect to continue to employ prudent levels of leverage to finance the acquisition and development of our lots and construction of our homes and to operate our Financial Services business. Our access to additional third- party sources of financing **or refinancing our existing indebtedness** will depend, in part, on: general market conditions; the market' s perception of our growth potential; ~~32~~ with respect to acquisition and / or development financing, the market' s perception of the value of the land parcels to be acquired and / or developed; our current **and anticipated** debt levels; our current and expected future earnings; our **current and anticipated** cash flows; and the market price per share of our common stock. If the capital and credit markets experience increased volatility or weakness, potential lenders may be unwilling or unable to provide us with **additional** financing **or refinancing** that is attractive to us or may charge us prohibitively high fees in order to obtain **additional** financing **or a refinancing** . In such a situation, investment returns on our assets and our ability to make acquisitions could be adversely affected by our inability to secure additional financing on reasonable terms, if at all. In addition, while we have not encountered any such issues to date, if the credit rating agencies that rate our debt were to downgrade our credit ratings, it would likely increase our cost of capital and make it more difficult for us to obtain new financing **or refinance our existing indebtedness** and access the capital and credit markets, which could also have a material adverse effect on our business, financial condition, results of operations, or cash flows. ~~Depending~~ **33Depending** on market conditions at the relevant time, we may have to rely more heavily on additional equity financings, which would cause dilution to our existing stockholders, or on less efficient forms of debt financing that require a larger portion of our cash flow from operations, thereby reducing funds available for our operations, future business opportunities and other purposes. We may not have access to such equity or debt capital on favorable terms at the desired times, or at all. Increased demand for homes could require us to further increase our indebtedness and credit facilities, and our inability to do that could limit our ability to take full advantage of market opportunities. Our business requires that we be able to continue to finance the development of our residential communities and the extension of mortgage loans by our Financial Services business. One of the ways we do this is with bank borrowings. At December 31, ~~2022~~ **2023** , we had a $ 800. 0 million revolving line of credit, of which no amounts were outstanding **and which matures in 2026** . If market conditions strengthen to the point that we need additional funding but we are not able to increase this facility or obtain funds from other types of financings, that could prevent us from taking full advantage of the enhanced market opportunities. Interest expense on our debt limits our cash available to fund our growth strategies. We pay significant interest expense on our outstanding indebtedness. During the year ended December 31, ~~2022~~ **2023** , we paid approximately $ ~~61~~ **58** . 1 million in interest expense payments. During ~~2022~~ **2023** , borrowings under our revolving line of credit bore interest at a floating rate equal to ~~the adjusted Eurodollar Rate plus an applicable margin between 2. 05 % and 2. 65 % per annum, or, in the Administrative Agent' s discretion, a base rate plus an applicable margin between 1. 05 % and 1. 65 % per annum. Effective January 3, 2023, all existing borrowings using an interest rate based on a LIBOR reference rate had the interest rate replaced with one based on~~ an adjusted term SOFR reference rate, which equals the greater of (i) 0. 50 % or (ii) the one- month quotation of the secured overnight financing rate administered by the Federal Reserve Bank of New York, plus 0. 10 %. Higher interest rates during ~~2023~~ **2024** and beyond could increase our debt service requirements on our current floating rate debt and on any

floating rate debt we subsequently incur, and could reduce funds available for operations, future business opportunities or other purposes. If we need to repay existing debt during periods of rising interest rates, we could be required to refinance our then-existing debt on unfavorable terms or liquidate one or more of our assets to repay such debt at times which may not permit realization of the maximum return on such assets and could result in a loss. The occurrence of either such event or both could materially and adversely affect our cash flows and results of operations. We may not be able to generate sufficient cash flows to meet our debt service obligations. Our ability to generate sufficient cash flows from operations to make scheduled payments on our debt obligations will depend on our current and future financial performance, which is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. In the future, we may fail to generate sufficient cash flows from the sales of our homes and land to meet our cash requirements **, including payment of outstanding indebtedness when due** . Further, our capital requirements may vary materially from those currently planned if, for example, our revenues do not reach expected levels or we have to incur unforeseen capital expenditures and make investments to maintain our competitive position. If we do not generate sufficient cash flows from operations to satisfy our debt obligations, including interest payments and the payment of principal at maturity, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital **. Our mortgage repurchase facilities have varying short term maturity dates through December 18, 2024; our revolving line of credit expires in 2026; and a portion of our senior notes mature in 2027** . We cannot provide assurance that any refinancing would be possible, that any assets could be sold, or, if sold, of the timeliness and amount of proceeds realized from those sales, that additional financing could be obtained on acceptable terms, if at all, or that additional financing would be ~~33permitted~~ -- **permitted** under the terms of our various debt instruments then in effect. Furthermore, our ability to refinance would depend upon the condition of the finance and credit markets. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our obligations on commercially reasonable terms or on a timely basis, would materially affect our business, financial condition or results of operations and may delay or prevent the expansion of our business. The agreements governing our debt include covenants and other provisions that may restrict our financial and business operations. Failure to comply with the covenants and conditions imposed by our debt agreements could restrict future borrowings or cause our debt to become immediately due and payable. The agreements governing our indebtedness, including our revolving line of credit and the indentures that govern our senior notes, contain negative covenants customary for such financings, such as limiting our ability to sell or dispose of assets, incur additional indebtedness or liens, make certain restricted payments, make certain investments, consummate mergers, consolidations or other business combinations or engage in other lines of business. These restrictions may interfere with our ability to engage in other necessary or desirable business activities, which could materially affect our business, financial condition or results of operations. Our revolving line of credit also requires us to comply with certain financial ratios and covenants, such as maximum consolidated leverage ratios, minimum consolidated interest coverage ratios and minimum tangible net worth. Our ability to comply with these covenants depends on our financial condition and performance and also is subject to events outside our control. Asset write- downs, other non- cash charges and other one- time events also impact our ability to comply with these covenants. In addition, these restrictions may interfere with our ability to obtain financing or to engage in other necessary or desirable business activities, which may have a material effect on our ~~operations~~ **34operations** . These covenants are subject to important exceptions and qualifications. Moreover, if we fail to comply with these covenants and are unable to obtain a waiver or amendment, an event of default would result. Our revolving line of credit and other debt agreements, including the indentures governing our senior notes, also contain other events of default customary for such financings. In addition, the indentures governing our senior notes and the agreement governing our revolving line of credit contain cross default provisions. Our inability to generate sufficient cash flow to satisfy our debt service obligations, or to refinance or restructure our obligations on commercially reasonable terms or at all, would likely have an adverse effect, which could be material, on our business, financial condition, and operating results. We cannot provide assurance that we would have sufficient liquidity to repay or refinance our debt if such amounts were accelerated upon an event of default. If we are unable to service our debt, this could materially affect our business, financial condition or results of operations. We are dependent upon payments from our subsidiaries to fund payments on our indebtedness and our ability to receive funds from our subsidiaries is dependent upon the profitability of our subsidiaries and restrictions imposed by law and contracts. We are dependent on the cash flow of, and dividends and distributions to us from, our subsidiaries in order to service our existing indebtedness. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to any indebtedness of ours or to make any funds available therefor, except for those subsidiaries that have guaranteed our obligations under our outstanding indebtedness. The ability of our subsidiaries to pay any dividends and distributions will be subject to, among other things, the terms of any debt instruments of our subsidiaries then in effect as well as among other things, the availability of profits or funds and requirements of applicable laws, including surplus, solvency and other limits imposed on the ability of companies to pay dividends. There can be no assurance that our subsidiaries will generate cash flow sufficient to pay dividends or distributions to us that enable us to pay interest or principal on our existing indebtedness. We may require additional capital in the future and may not be able to secure adequate funds on terms acceptable to us. Although it is difficult for us to predict our future liquidity requirements, we believe that we will be able to fund our current and foreseeable liquidity needs with our cash on hand, anticipated cash generated from operations, and cash expected to be available from our revolving line of credit or through accessing debt or equity capital, as needed. The expansion and development of our business may require significant additional capital, which we may be unable to obtain, to fund our capital expenditures and operating expenses, including working capital needs. At December 31, ~~2022~~ **2023** , we had a $ 800. 0 million revolving line of credit, of which no amounts were outstanding. In addition, in accordance with our growth strategy, we may need to opportunistically raise additional capital to help fund the growth of our business, subject to market and other conditions, but such capital may not be available to us on a timely basis at reasonable rates, or at all. Under our shelf registration statement, which we filed with the SEC in July 2021 and was automatically effective upon filing, we have the ability to access the debt and equity capital markets as needed as part of our ongoing financing strategy and subject to market conditions, including through the use of our at- the- market facility with J. P. Morgan Securities LLC, BofA Securities, Inc., Fifth Third Securities, Inc., and Wells Fargo Securities, LLC, as sales agents (which we refer to as our " ATM Facility "). If we raise additional funds by issuing equity securities under our ATM Facility or otherwise, our stockholders may experience dilution. Additional debt financing, if available, may involve additional covenants restricting our operations or our ability to incur additional debt, in addition to those under our existing indentures and revolving line of credit. Any additional debt financing or additional equity that we raise may contain terms that are not favorable to us or our stockholders. ~~34An~~ **An** inability to obtain additional performance, payment and completion surety bonds and letters of credit could limit our future growth. We are often required to provide performance, payment and completion surety bonds or letters of credit to secure the completion of our construction contracts, development agreements and other arrangements. We have obtained facilities to provide the required volume of these surety bonds and letters of credit for our expected growth in the medium term; however, unexpected growth may require additional facilities. We may also be required to renew or amend our existing facilities. Our ability to obtain additional performance, payment and completion surety bonds and letters of credit primarily depends on our credit rating, capitalization, working capital, past performance, management expertise and certain external factors, including the capacity of the markets for such bonds. Surety bond and letter of credit providers consider these factors in addition to our performance and claims record and provider- specific underwriting standards, which may change from time to time. If our performance record or our providers' requirements or policies change and we are unable provide performance, payment and completion surety bonds to ensure the completion of our projects, our business operations and financial condition could be adversely affected. If market conditions become unfavorable, we may not be able to obtain new surety bonds, or and some providers might request credit enhancements (such as cash deposits or letters of credit) in order to maintain existing bonds or to issue new bonds. If we are ~~unable~~ **35unable** to obtain new bonds in the future, or are required to provide credit enhancements with respect to our current or future bonds, our liquidity could be negatively impacted, and our growth and results of operations would be adversely affected. Risks Related to Tax Policies and Regulation Any limitation on, or reduction or elimination of, tax benefits associated with owning a home would have an adverse effect on the demand for our homes, which could be material to our business. Prior to the late 2017 enactment of the Tax Cuts and Jobs Act (which we refer to as the " TCJA "), significant expenses of owning a home, including mortgage loan interest and state and local property and income taxes, generally were deductible expenses for an individual' s U. S. federal income taxes subject to various limitations. The TCJA established new limits on the federal tax deductions individual taxpayers may take on mortgage loan interest payments and on state and local taxes, including property and income taxes. Under the TCJA, through the end of 2025, the mortgage interest deduction cap on a ~~newly~~ **home** purchased ~~home~~ **after 2017** was decreased to $ 750, 000 a year ($ 375, 000 in the case of a separate return filed by a married individual) from the prior $ 1, 000, 000 threshold, and the annual deduction for real estate and other property taxes, state and local income taxes and sales taxes has been limited to a combined amount of $ 10, 000 (or $ 5, 000 in the case of a separate return filed by a married individual). The TCJA also increased the standard deduction for individuals. As a result, fewer individuals are expected to itemize their income tax deductions, which would reduce the income tax advantages associated with homeownership for those individuals. These changes have reduced and may continue to reduce the actual or perceived affordability of homeownership, which have adversely affected and could continue to adversely affect demand for and sales prices of new homes, especially in areas with relatively high housing prices or high state and local income taxes and real estate taxes. Any further change in income tax laws by the federal or state government to eliminate or substantially reduce income tax benefits associated with homeownership could adversely affect demand for and sales prices of new homes. **It is unclear whether the provisions of the TCJA described above will be allowed to expire at the end of 2025, which would cause a reversion to the provisions in effect prior to the TCJA, or whether some or all of such provisions will be extended beyond 2025 by future legislation.** Our income tax expense is reduced based upon the availability of the Internal Revenue Code Section 45L credit for energy- efficient new homes (the " Federal Energy Credits ") ~~, which provided a tax credit of $ 2, 000 per qualifying home to eligible builders, for homes delivered through December 31, 2022~~. The Inflation Reduction Act of 2022 ~~expanded~~ **modified** the Federal Energy Credits beginning January 1, 2023 ~~and extended the Federal Energy Credits through 2032. Beginning January 1~~ , **requiring a more rigorous certification process and** ~~2023 through December 31, 2032, the Federal Energy Credits will provide~~ **provides** a $ 2, 500 or $ 5, 000 tiered credit for new single- family homes meeting designated " Energy Star " or " Zero Energy " program requirements, respectively. The Federal Energy Credits reduced our income tax expense by $ **2. 6 million and $** 18. 3 ~~million and $ 16. 5~~ million for the years ended December 31, **2023 and** 2022 ~~and 2021~~ , respectively ~~. We are evaluating the impact " Energy Star " or " Zero Energy " program requirements will have on claiming the Federal Energy Credits for tax years ending December 31, 2023 through 2032~~ . Increases in property and sales taxes could prevent potential customers from buying our homes and adversely affect our business or financial results. Increases in property tax rates by local governmental authorities, as experienced in response to reduced federal and state funding and shortfalls in revenue caused by the COVID- 19 pandemic, can adversely affect the ability of potential customers to obtain financing or their desire to make a new home purchase and they may decide, as a result, not to purchase one of our homes. Fees imposed on developers to fund schools, open spaces or road improvements, and / or to provide low and moderate income housing, could increase our costs and have an adverse effect on our business and results of operations. In addition, increases in sales taxes could adversely affect ~~35our~~ -- **our** potential customers who may consider those costs in determining whether to make a new home purchase and decide, as a result, not to purchase one of our homes. Non- U. S. holders may be subject to United States federal income tax on gain realized on the sale or disposition of shares of our common stock, which may cause non- US investors not to invest in our Company. Because of our holdings in United States real property interests, we believe we are and will remain a " United States real property holding corporation " (which we refer to as " USRPHC ") for United States federal income tax purposes. However, assuming we are publicly traded as discussed below, non-

U. S. holders who actually or constructively hold five percent or less of our common stock should qualify for an exemption from federal income tax that otherwise would be imposed on gain on our common stock. As a USRPHC, our stock may be treated as a United States real property interest (which we refer to as " USRPI "), gains from the sale of which by non- U. S. holders would be subject to U. S. income tax and reporting obligations pursuant to the Foreign Investment in Real Property Tax Act (which we refer to as " FIRPTA "). Our common stock will not be treated as a USRPI if it is regularly traded on an established securities market, except in the case of a non- U. S. holder that actually or constructively holds more than five percent of such class of stock at any time during the shorter of the five- year period preceding the date of disposition or the holder' s holding period for such stock. We anticipate that our common stock will continue to be regularly traded on the New York Stock Exchange. However, no assurance can be given that our common stock will remain regularly traded in the future. If our common stock is treated as a USRPI, a non- U. S. holder would be subject to regular United States federal income tax with respect to any gain on such stock in the same manner as a taxable U. S. holder (subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals). In addition, the purchaser of the common stock would be required to withhold and remit to the I. R. S. 15 % of the purchase price unless an ~~exception~~ **36exception** applies. A non- U. S. holder that is not otherwise exempt from FIRPTA as discussed above also would be required to file a U. S. federal income tax return for any taxable year in which it realizes a gain from the disposition of our common stock that is subject to U. S. federal income tax. Because of these adverse tax consequences, non- U. S. investors may choose not to invest in our Company. Non- U. S. holders should consult their tax advisors concerning the consequences of disposing of shares of our common stock. Our income tax provision and tax reserves may be insufficient if a taxing authority is successful in asserting positions that are contrary to our interpretations ~~and~~ **that were used in establishing the** related **tax** reserves, if any, and we may not realize our deferred tax assets. Significant judgment is required in determining our provision for income taxes and our reserves for federal, state, and local taxes. In the ordinary course of business, there may be matters for which the ultimate outcome is uncertain. Our evaluation of our tax matters is based on a number of factors, including relevant facts and circumstances, applicable tax law, correspondence with tax authorities during the course of audits, and effective settlement of audit issues. Although we believe our approach to determining the tax treatment for such items is appropriate, no assurance can be given that ~~the~~ **any** final **review by a** tax authority ~~review~~ will not be materially different than that which is reflected in our income tax provision and related tax reserves. Such differences could have a material adverse effect on our income tax provision in the period in which such determination is made and, consequently, on our financial position, cash flows, or net income. We are periodically audited by various federal, state, and local authorities regarding tax matters. As each audit is concluded, adjustments, if any, are recorded in our financial statements in the period determined. To provide for potential tax exposures, we consider a variety of factors, including relevant facts and circumstances, applicable tax law, correspondence with taxing authorities, and effective settlement of audit issues. If these reserves are insufficient upon completion of an audit, there could be an adverse impact on our financial position, cash flows, and results of operations. ~~As~~ **An audit by the Internal Revenue Service** of ~~December 31,~~ **a federal refund claim related to the retroactive extension of energy efficient homes tax credits for tax year 2018 and additional energy efficient tax credits for tax year 2019 and** ~~2022~~ **2020** ~~, we are~~ **was completed during 2023 with** ~~not~~ - **no** ~~currently~~ **adjustments. The Company is** under audit by **various state taxing authorities; however, the Company is not aware of** any ~~federal,~~ **significant findings by the** state **taxing** ~~, or local~~ authorities. We may be subject to U. S. federal income tax and various state income tax examinations for calendar tax years ending ~~2017~~ **2018** through ~~2022~~ **2023** . We are required to recognize deferred tax assets and liabilities at enacted income tax rates for the temporary differences between the financial reporting bases and the tax bases of our assets and liabilities. Any effects of changes in income tax rates or tax laws are included in the provision for income taxes in the period of enactment. When it is more likely than not that a portion or all of a deferred tax asset will not be realized in the future, we record a corresponding valuation allowance against the deferred tax asset. As of December 31, **2023 and** 2022 ~~and 2021~~ , we had deferred tax assets, net of deferred tax liabilities, of $ **17. 0 million and $** 20. 9 ~~million and $ 21. 2~~ million, respectively, against which we provided no valuation allowance. The ultimate realization of our deferred tax assets is dependent upon generating future taxable income. While we have not recorded valuation allowances against our deferred tax assets, the valuation allowances are subject to change as facts and circumstances change. The value of our deferred tax assets and liabilities are also dependent upon the tax rates expected to be in effect at the time they are realized. A change in enacted corporate tax rates in our major jurisdictions, especially the U. S. federal corporate tax rate, would change the value of our deferred taxes, which could be material. ~~36Risk~~ -- **Risk** Related to Possible Conflicts of Interest As a result of Dale Francescon' s and Robert Francescon' s relationship with the Company, conflicts of interest may arise with respect to any transactions involving or with Dale Francescon, Robert Francescon, or their affiliates, and their interests may not be aligned with yours. Dale Francescon and Robert Francescon are our Co- Chief Executive Officers, sit on our board of directors, are brothers, and collectively beneficially owned 3, ~~796~~ **613** , ~~759~~ **485** shares of our common stock, including ~~215~~ **138** , ~~826~~ **652** shares issuable upon vesting of performance share unit awards within 60 days of December 31, ~~2022~~ **2023** , which together represents 11. ~~9~~ **4** % of our common stock outstanding as of December 31, ~~2022~~ **2023** . For so long as Dale Francescon and Robert Francescon control such a significant percentage of our common stock, they will have significant influence over the power to: ? elect our directors and exercise overall control over the Company; ? agree to sell or otherwise transfer a controlling stake in the Company; and ? determine the outcome of substantially all actions requiring the majority approval of our stockholders, including transactions with related parties, corporate reorganizations, mergers, acquisitions and dispositions of assets. The interests of Dale Francescon and Robert Francescon may not be fully aligned with our other stockholders, and this could lead to a strategy that is not in the best interests of our other stockholders. In addition, their significant ownership in us and resulting ability to ~~effectively~~ **37effectively** control us will limit the ability of our other stockholders to influence corporate matters and may discourage someone from making a significant equity investment in our Company, or could discourage transactions involving a change in control. In addition, there may be transactions between us and Dale Francescon, Robert

Francescon, or their affiliates that could present an actual or perceived conflict of interest. These conflicts of interest may lead Dale Francescon and / or Robert Francescon to recuse himself or themselves from actions of our board of directors with respect to any transactions involving or with Dale Francescon or Robert Francescon or their affiliates. For example, we have entered into employment agreements with Dale Francescon and Robert Francescon, our Co- Chief Executive Officers, in their capacities as officers, pursuant to which they are required to devote substantially full- time attention to our affairs. We may choose not to enforce, or to enforce less vigorously, our rights under these agreements because of our desire to maintain our ongoing relationship with Dale Francescon and Robert Francescon. Risks Related to Ownership of our Common Stock A trading market for our common stock may not be sustained and our common stock prices could decline. Although our common stock is listed on the New York Stock Exchange under the symbol, " CCS, " an active trading market for the shares of our common stock may not be sustained. Accordingly, no assurance can be given as to the following: ? the likelihood that an active trading market for shares of our common stock will be sustained; ? the liquidity of any such market; ? the ability of our stockholders to sell their shares of common stock; or ? the price that our stockholders may obtain for their common stock. In addition, our common stock has experienced price and volume volatility over the past year. During ~~2022~~ **2023** , the **closing** sale price of our common stock ranged from $ ~~39~~ **51** . ~~00~~ **22** to $ ~~82~~ **91** . ~~49~~ **64** per share and the trading volume ranged from ~~79~~ **42** , ~~200~~ **500** shares to 1, ~~643~~ **673** , ~~300~~ **500** shares. The market price and volume of our common stock may continue to experience fluctuations not only due to general stock market conditions but also due to government regulatory action, tax laws, interest rates, the condition of the U. S. economy and a change in sentiment in the market regarding our industry, operations or business prospects. In addition to other factors, the price and volume volatility of our common stock may be affected by: ? factors influencing home purchases, such as availability of home mortgage loans, interest rates, credit criteria applicable to prospective borrowers, ability to sell existing residences, and homebuyer sentiment in general; ? the operating and securities price performance of companies that investors consider comparable to us; ? announcements of strategic developments, acquisitions and other material events by us or our competitors; ? changes in global financial markets and global economies and general market conditions, such as interest rates, commodity and equity prices and the value of financial assets; ? additions or departures of key personnel; ? operating results that vary from the expectations of securities analysts and investors; ? sales of our equity securities by stockholders or management or sales of additional equity securities by us; ? changes in our stock repurchase or dividend policies; ~~37~~ ? actions by stockholders; and ? passage of legislation or other regulatory developments that adversely affect us or the homebuilding industry. If an active market is not maintained, or if our common stock continues to experience price and volume volatility, the market price of our common stock may decline. Stockholders of a public company sometimes bring securities class action suits against the company following periods of instability in the market price of that company' s securities. If we were involved in a class action suit, it could divert a significant amount of our management' s attention and other resources from our business and operations, which could harm our results of operations and require us to incur significant expenses to defend the suit. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our results of operations and financial condition. Furthermore, our ability to raise funds through the issuance of equity or otherwise use our common stock as consideration is impacted by the price of our common stock. A low stock price may adversely impact our ability to reduce our financial leverage, as measured by the ratio of total debt to total capital. Continued high levels of leverage or significant increases may adversely affect our credit ratings and make it more difficult for us to access additional capital. These factors may limit our ability to implement our operating and growth plans. ~~If~~ **38If** securities analysts do not publish, or cease publishing, research or reports about us, our business or our market, or if they change their recommendations regarding our stock adversely, the price of our common stock and trading volume could decline. The trading market for our common stock could be influenced by any research and reports that securities or industry analysts publish about us, our business or our market. If one or more of the analysts who covers us downgrades our common stock or publishes inaccurate or unfavorable research about us, our business, industry or markets, the price of our common stock would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our common stock could decrease, which could cause the price of our common stock and trading volume to decline. Future offerings of debt securities, which would rank senior to our common stock upon a bankruptcy liquidation, and future offerings of equity securities, including those that may be senior to our common stock for the purposes of dividend and liquidating distributions, may adversely affect the market price of our common stock. To raise capital resources, we have offered and sold debt and equity securities, including securities that rank senior to our common stock, and may continue to do so in the future ~~. For example, in August 2021, we sold and issued $ 500. 0 million aggregate principal amount of 3. 875 % senior notes due 2029~~ . Upon a bankruptcy or liquidation, holders of our debt securities and lenders with respect to other borrowings will receive a distribution of our available assets prior to the holders of our common stock. Additional equity offerings may dilute the holdings of our existing stockholders or reduce the market price of our common stock, or both. Our preferred stock, if issued, could have a preference on liquidating distributions or a preference on dividend payments or both that could limit our ability to pay dividends or make liquidating distributions to the holders of our common stock. Our decision to issue securities in any future offering will depend on market conditions at the time and other factors, some of which may be beyond our control. As a result, we cannot predict or estimate the amount, timing or nature of our future offerings, and holders of our common stock bear the risk of our future offerings reducing the market price of our common stock and diluting their ownership interest in the Company. ~~38We~~ **We** cannot guarantee that our stock repurchase program will be fully consummated or that our stock repurchase program will enhance long- term stockholder value, and stock repurchases could increase the volatility of the price of our stock and diminish our cash reserves. In November 2018, we authorized a stock repurchase program, under which we may repurchase up to 4, 500, 000 shares of our outstanding common stock. As of December 31, ~~2022~~ **2023** , the number of shares that remained available for repurchase pursuant to our stock repurchase program is 1, ~~508~~ **230** , ~~169~~ **010** shares. Under the terms of the program, the shares may be repurchased from time to time in open market transactions at prevailing market prices, in privately negotiated transactions or by other means in accordance with federal securities laws. The actual manner, timing, amount and value of repurchases under the stock repurchase program will be determined by management at its discretion and will depend on a number of factors, including the market price of our common stock, trading volume, other capital management objectives and opportunities, applicable legal requirements, applicable tax effects including the 1 % excise tax **on net repurchases effective beginning in** ~~recently instituted under the Inflation Reduction Act of 2022~~ **2023** , and general market and economic conditions. We intend to finance any stock repurchases through available cash and our revolving line of credit. Repurchases also may be made under a trading plan under Rule 10b5- 1, which would permit shares to be repurchased when we might otherwise may be precluded from doing so because of self- imposed trading blackout periods or other regulatory restrictions. There is no guarantee as to the number of shares that will be repurchased, and the stock repurchase program may be extended, suspended or discontinued at any time without notice at our discretion, which may result in a decrease in the trading price of our common stock. The stock repurchase program could increase volatility in and affect the price of our common stock. The existence of our stock repurchase program could also cause the price of our common stock to be higher than it would be in the absence of such a program and could potentially reduce the market liquidity for our common stock. Additionally, repurchases under our stock repurchase program will diminish our cash reserves and could increase our indebtedness. There can be no assurance that any stock repurchases will enhance stockholder value because the market price of our common stock may decline below the levels at which we repurchased such shares. Any failure to repurchase shares after we have announced our intention to do so may negatively impact our reputation and investor confidence in us and may negatively impact our stock price. Although our stock repurchase program is intended to enhance long- term stockholder value, short- term stock price fluctuations could reduce the program' s effectiveness. Our actual operating results may differ significantly from our guidance, **as well as analyst expectations,** which could cause the market price of our common stock to decline. From time to time, we release guidance regarding our future performance, such as our anticipated annual revenue and home deliveries, that represents our management' s estimates as of the date of release. This guidance, which consists of forward- looking statements, is prepared by our management and is qualified by, and subject to, the assumptions and the other information contained or referred to in the release. Our guidance is not prepared with a view toward compliance with published guidelines of the American Institute of Certified Public Accountants, and neither any independent registered public accounting firm nor any other independent expert or outside party compiles, examines or reviews the guidance and, accordingly, no such person expresses any opinion or any other form of assurance with respect thereto. ~~Guidance~~ **39Guidance** is based upon a number of assumptions and estimates that, while presented with numerical specificity, is inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and are based upon specific assumptions with respect to future business decisions, some of which will change. We generally state possible outcomes as high and low ranges which are intended to provide a sensitivity analysis as variables are changed but are not intended to represent that actual results could not fall outside of these ranges. The principal reason that we release this data is to provide a basis for our management to discuss our business outlook with analysts and investors. We do not accept any responsibility for any projections or reports published by any such persons. Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions of the guidance furnished by us will not materialize or will vary significantly from actual results, particularly any guidance relating to the results of operations of acquired businesses or companies as our management will, necessarily, be less familiar with their business, procedures and operations. Accordingly, our guidance is only an estimate of what management believes is realizable as of the date of release. Actual results will vary from the guidance and the variations may be material. Investors should also recognize that the reliability of any forecasted financial data will diminish the farther in the future that the data are forecast. In light of the foregoing, investors are urged to put the guidance in context and not to place undue reliance on it. Any failure to successfully implement our operating strategy or the occurrence of any of the events or circumstances set forth in this Form 10- K could result in the actual operating results being different than our guidance, and such differences may be adverse and material. The failure to achieve such guidance **or analyst expectations regarding our operating results** could disappoint investors and analysts and cause the market price of our common stock to decline. ~~39We~~ **We** cannot assure you that we will continue to pay dividends on our common stock at the current rate or at all. Since May 2021, we have paid a quarterly cash dividend on our common stock. The declaration and payment of future dividends are at the discretion of our Board of Directors and will depend on many factors, including our results of operations and financial condition, our capital requirements, and contractual limitations. The agreements governing our indebtedness, including our revolving line of credit and the indentures that govern our senior notes, limit our ability to pay dividends and restrict the amount of dividends we may pay. If we do not continue to pay dividends on our common stock at the current rate or at all, the market price of our common stock could be adversely affected. Certain anti- takeover defenses and applicable law may limit the ability of a third party to acquire control of the Company. Our charter and bylaws and Delaware law contain provisions that may delay or prevent a transaction or a change in control of the Company that might involve a premium paid for shares of our common stock or otherwise be in the best interests of our stockholders, which could adversely affect the market price of our common stock. Our charter and / or bylaws contain anti- takeover provisions that: ? authorize our board of directors, without further action by the stockholders, to issue up to 50 million shares of preferred stock in one or more series, and with respect to each series, to fix the number of shares constituting that series, the powers, rights and preferences of the shares of that series, and the qualifications, limitations and restrictions of that series; ? require that actions to be taken by our stockholders may be taken only at an annual or special meeting of our stockholders and not by written consent; ? specify that special meetings of our stockholders can be called only by our board of directors, the chair of our board of directors, our chief executive officer, or our president; ? provide that our bylaws may be amended by our board of directors without stockholder approval; ? provide that directors may be removed from office only by the affirmative vote of the holders of 66 2 / 3 % of the voting power of our capital stock entitled to vote generally in the election of directors; ? provide that vacancies on our board of directors or newly created directorships resulting from an increase in the number of our directors may be filled only by a vote of a majority of directors then in office, even though less than a quorum; ? provide that, subject to the express rights, if any, of the holders of any series of preferred stock, any amendment, modification or repeal of, or the adoption of any new or additional provision, inconsistent with our charter provisions relating to the removal of directors, exculpation of directors, indemnification, the prohibition against stockholder action by written consent, and the vote of our stockholders required to amend our bylaws requires the affirmative vote of the holders of at least 66 2 / 3 % of the voting power of our capital stock entitled to vote generally in the election of directors; ? provide that the stockholders may amend, modify or repeal our bylaws, or adopt new or additional provisions of our bylaws, only with the affirmative vote of 66 2 / 3 % of the voting power of our capital stock entitled to vote generally; **40** ? establish advance notice procedures for stockholders to submit business proposals and nominations of candidates for election to our board of directors to be brought before a stockholders meeting, including director election contests subject to the SEC' s universal proxy rules; and ? establish that, subject to certain exceptions, the Court of Chancery of the State of Delaware (or, in the event that the Court of Chancery of the State of Delaware does not have jurisdiction, the federal district court for the District of Delaware or other state courts of the State of Delaware) shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action, suit or proceeding brought on behalf of the corporation, (ii) any action, suit or proceeding asserting a claim of or for breach of a fiduciary duty owed by any current or former director, officer, other employee or stockholder of the corporation to the corporation or to the corporation' s stockholders (including any claim alleging aiding and abetting of such breach of fiduciary duty), (iii) any action, suit or proceeding asserting a claim against the corporation or against any director or officer or other employee of the corporation arising pursuant to any provision of the DGCL, the certificate of incorporation, or these bylaws (as either may be amended from time to time), or (iv) any action, suit or proceeding asserting a claim against the corporation or against any director or officer or other employee of the corporation governed by the internal affairs doctrine. Additionally, we are a Delaware corporation, and we have elected to be subject to Section 203 of the DGCL by provision of our charter. In general, Section 203 of the DGCL prevents an " interested stockholder " (as defined in the DGCL) from engaging in a " business combination " (as defined in the DGCL) with us for three years following the date that person becomes an interested stockholder unless one or more of the following occurs: ? Before that person became an interested stockholder, our board of directors approved the transaction in which the interested stockholder became an interested stockholder or approved the business combination; ~~40~~ ? Upon consummation of the transaction that resulted in the interested stockholder becoming an interested stockholder, the interested stockholder owned at least 85 % of our voting stock outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) stock held by directors who are also officers of the Company and by employee stock plans that do not provide employees with the right to determine confidentially whether shares held under the plan will be tendered in a tender or exchange offer; or ? Following the transaction in which that person became an interested stockholder, the business combination is approved by our board of directors and authorized at a meeting of stockholders by the affirmative vote of the holders of at least 66 2 / 3 % of our outstanding voting stock not owned by the interested stockholder. The DGCL generally defines " interested stockholder " as any person who, together with affiliates and associates, is the owner of 15 % or more of our outstanding voting stock or is our affiliate or associate and was the owner of 15 % or more of our outstanding voting stock at any time within the three year period immediately before the date of determination. General Risk FactorsNegative publicity may affect our business performance and could affect the value of our common stock. Unfavorable media or investor and analyst reports related to the Company, our industry, or Company brands, marketing, personnel, operations, business performance or prospects may adversely affect the value of our common stock and the performance of our business, regardless of its accuracy or inaccuracy. Furthermore, the speed at which negative publicity is disseminated has increased dramatically through the use of electronic communication, including social media outlets, websites and other digital platforms. Our success in maintaining, extending and expanding our brand image depends on our ability to adapt to a rapidly changing media environment. Adverse publicity or negative commentary from any media outlets could hurt our reputation and reduce demand for our homes, as consumers might avoid brands that receive bad press or negative reviews. Negative publicity may result in a decrease in our operating results that could lead to a decline in the value of our common stock. Scrutiny from the public, investors, and others regarding our ESG practices could impact our reputation, and compliance with ESG- related policies may impose additional capital and operational expenditures on our business. Several institutional investors and others have focused on the environmental, social, and governance (" ESG ") practices of publicly traded companies, like us. This has included or may in the future include expanding mandatory and voluntary reporting, diligence, and disclosure on topics such as climate change, human capital, labor and risk oversight, and could expand the nature, scope, and complexity of matters that we are required to control, assess and report. Since 2020, we have enhanced our focus on sustainability by establishing policies addressing ESG, human rights, training and professional development, labor rights, workplace health and safety, diversity and inclusion and vendor conduct. Additionally, we ~~currently~~ **have** ~~publish~~ **published** an ESG sustainability report every other year. Our ESG sustainability report includes information related to a variety of topics, including our environmental and social initiatives, occupational health and safety, and our carbon footprint. ~~The~~ **41The** publication of ESG- related policies and an annual ESG sustainability report may result in increased investor, media, employee and other stakeholder attention to such initiatives. It is possible that stakeholders may not be satisfied with our ESG practices or initiatives or the speed with which we are implementing our initiatives. Government, media or activist pressure to decrease our carbon footprint, for example, could negatively impact perceptions of our homebuilding practices, which could have a material adverse effect on our business and ability to compete with homebuilders that may be viewed as more sustainable. Additionally, organizations that provide information to investors on corporate governance and other matters have developed rating systems for evaluating companies on their approach to ESG. Unfavorable ratings may lead to negative investor sentiment, which could have a negative impact on our stock price. Any failure, or perceived failure, to respond to expectations related to ESG concerns could cause harm to our business and reputation and could negatively impact employee retention and the willingness of homebuyers to do business with us. In addition to the ESG practices described above, we are subject to laws and government regulations that relate to the environment and occupational health and safety, among other matters. These laws and regulations, as well as related initiatives, are under active development, subject to change, and may prove difficult and expensive for us to comply with. We may be required to make additional capital and operational expenditures, which may have a material adverse effect on earnings, liquidity, financial condition or competitive position. **We are dependent upon the effective operation of our information systems, software, or information security practices and those of our business partners or third- party service providers.** Information technology failures or data security breaches could expose us to liability and materially adversely affect our results of operations and financial condition. We rely on accounting, financial and operational management information systems to conduct our operations and maintain critical business records. Many of these resources are provided to us and / or maintained on our behalf by third- party service providers pursuant ~~41to~~ **to** agreements that specify to varying degrees certain security and service level standards. Our information technology systems are dependent upon these providers, as well as global communications providers, telephone systems and other aspects of the Internet infrastructure, which have experienced significant systems failures and electrical outages in the past, and are susceptible to damage or interruption from fire, floods, power outages, or telecommunications failures, or cybersecurity threats such as computer viruses, break- ins, security breaches, and similar events. The occurrence of any of these events to us directly or any of our third- party service providers could adversely affect our ability to operate our business, damage our reputation, result in the loss of customers, suppliers, or revenues, or result in the misappropriation or public disclosure of our confidential information. As a result, we may be required to incur significant costs to remediate the damage caused by these disruptions or to prevent security breaches in the future. Additionally, ~~in 2022,~~ the SEC ~~proposed~~ **adopted** new rules related to cybersecurity risk management, which ~~may~~ further increase our regulatory burden and the cost of compliance in such events. While, to date, we have not had a significant cybersecurity breach or attack that had a material impact on our business or operating results, there can be no assurance that our efforts to maintain the security and integrity of these types of information technology networks and related systems will be effective or that attempted security breaches or disruptions would not be successful or damaging. In the ordinary course of our business, we collect and store certain confidential information, including personal information of homebuyers / borrowers and information about our employees, contractors, vendors and suppliers. This information is entitled to protection under a number of regulatory regimes. We may share some of this information with vendors who assist us with certain aspects of our business, particularly with respect to our mortgage lending business. If these vendors or we fail to maintain the security of the data which we are required to protect, including via the penetration of network security and the misappropriation of confidential and personal information, we could face business disruption, damage to our reputation, financial obligations to third parties, fines, penalties, regulatory proceedings and private litigation with potentially large costs, any of which could have a material adverse impact on our financial condition and results of operations. We maintain cyber liability insurance; however, this insurance may not be sufficient to cover the financial, legal, business or reputational losses that may result from an interruption or breach of our systems. We **currently use limited traditional and generative artificial intelligence (AI) solutions for certain sales, back office, administrative and other functions. We may incorporate additional AI solutions into our information systems in the future and these solutions may become important in our operations over time. The ever- increasing use and evolution of technology, including cloud- based computing and AI, creates opportunities for the potential loss or misuse of personal data that we use to run our business, and unintentional dissemination or intentional destruction of confidential information stored in our or our third party providers' systems, portable media or storage devices, which may result in significantly increased business and security costs, a damaged reputation, administrative penalties, or costs related to defending legal claims. AI programs may be costly and require significant expertise to develop, may be difficult to set up and manage, and require periodic upgrades. Our competitors or other third parties may incorporate AI into their information systems and homebuilding and financial services operations more quickly or more successfully than us, which could impair our ability to compete effectively and adversely affect our results of operations. In addition, our information technology systems require an ongoing commitment of significant resources to maintain, protect, and enhance existing systems and to develop new systems. This enables us to keep pace with continuing changes in information processing technology, evolving legal and regulatory standards, the increasing need to protect employee and customer information, changes in the 42techniques used to obtain unauthorized access to data and information systems, and the information technology needs associated with our evolving products. There can be no assurance that our efforts (including, but not limited to, consolidating, protecting, upgrading, and expanding our systems and capabilities, continuing to build security into the design of our information systems, and developing new systems to keep pace with continuing changes in information processing technology, including, but not limited to, generative AI platforms) will be successful or that additional systems issues will not arise in the future. We** may change our operational policies, investment guidelines and business and growth strategies without stockholder consent, which may subject us to different and more significant risks in the future. Our board of directors determines our operational policies, investment guidelines and business and growth strategies. Our board of directors may make changes to, or approve transactions that deviate from, those policies, guidelines and strategies without a vote of, or notice to, our stockholders. Under any of these circumstances, we may expose ourselves to different and more significant risks in the future, which could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations. If we fail to maintain an effective system of internal controls, we may not be able to accurately determine our financial results or prevent fraud. As a result, our stockholders could lose confidence in our financial results, which could materially and adversely affect us. Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. There is no assurance that material weaknesses or significant deficiencies will not be identified in the future or that we will be successful in adequately remediating any such material weaknesses and significant deficiencies. We may in the future discover areas of our internal controls that need improvement. We cannot be certain that we will be successful in maintaining adequate internal control over our financial reporting and financial processes. Furthermore, as we grow our business, including through acquisitions, our internal controls will become more complex, and we will require significantly more resources to ensure our internal controls remain effective. The existence of any material weakness or significant deficiency would require management to devote significant time and incur significant expense to remediate any such material weaknesses or significant deficiencies, and management may not be able to remediate any such material weaknesses or significant deficiencies in a timely manner. The existence of any material weakness in our internal control over financial reporting could also result in errors in our financial statements that could require us to restate our financial statements, cause us to fail to meet our reporting obligations, subject us to investigations from regulatory authorities or cause stockholders to lose confidence in our reported financial information, all of which could materially and adversely affect us. **Our business could be negatively impacted as a result of actions by activist stockholders or others. We may be subject to actions or proposals from activist stockholders or others that may not align with our business strategies or the interests of our other stockholders. Responding to such actions could be costly and time- consuming, disrupt our business and operations and / or divert the attention of our Board of Directors and senior management from the pursuit of our business strategies. Activist stockholders may create perceived uncertainties as to the future direction of our business or strategy, including with respect to our ESG efforts, which may be exploited by our competitors and may make it more difficult to attract and retain qualified personnel, potential homebuyers and business partners and may affect our relationships with current homebuyers, subcontractors, investors and other third parties. In addition, actions of activist stockholders may cause periods of fluctuation in our stock price based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business.** ITEM 1B. UNRESOLVED STAFF COMMENTS. None. **ITEM 1C. CYBERSECURITY. Background Cybersecurity, data privacy, and data protection are critical to our business. In the ordinary course of our business, we collect and store certain confidential information such as personal information of homebuyers and borrowers and information about our employees, contractors, vendors, and suppliers. Our Financial Services business relies heavily on the secure processing, storage, and transmission of sensitive and confidential financial, personal, and other information in our computer systems and networks. As such, we have established information security practices leveraging the National Institute of Standards of Technology (NIST) Cybersecurity Framework to measure our security posture, deliver risk management, and provide effective security controls to protect the privacy and confidentiality of our information. Our information security practices include development, implementation, and improvement of**