Risk Factors Comparison 2024-02-29 to 2023-03-02 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Discussions of our business and operations included in this Annual Report on Form 10- K should be read together with the risk factors set forth below. These risk factors describe various material risks and uncertainties we are or may become subject to, many of which are difficult to predict or are beyond our control. These risks and uncertainties, together with other factors described elsewhere in this Annual Report on Form 10- K, have the potential to affect our business, financial condition, results of operations, cash flows, strategies or prospects in a material and adverse manner. ~~Industry~~ **The risk factors described below are those that we think may be material with regard to** ~~and~~ - **an investment** ~~Economic Risks Our industry is cyclical and adverse changes~~ in **us, as well as certain risk factors that may be generally applicable to all business enterprises, but not all** general **risk factors. We are subject to the many risks that affect all or most business enterprises in the United States** and ~~local economic~~ **our business or financial** ~~conditions~~ - **condition** could ~~reduce the demand for homes and, as a result, could have a material adverse effect on us. Our business can~~ be ~~substantially~~ **materially** affected by ~~adverse changes in general~~ **those risks. Industry,** ~~economic~~ **Economic and Regulatory Risks Inflation could adversely affect** ~~or~~ **our** business **and financial results. The United States continues to experience inflationary** conditions ~~that are outside of our control~~ , ~~including changes~~ **which, at times, has resulted** in ~~short- term~~ **increasing costs of** ~~and~~ **land** ~~long- term~~ **, raw materials and labor needed to operate our business. If our markets have an oversupply of homes relative to demand, we may be unable to offset any such increases in costs with corresponding higher sales prices for our homes. Inflation may also continue to accompany higher** interest rates ~~; employment levels and job and personal income growth; housing~~ **, which could adversely impact potential customers' ability to obtain financing on favorable terms, thereby further decreasing** demand ~~from population growth~~ **. If we are unable to raise the prices of our homes to offset the increasing costs of our operations** , ~~household formation~~ **our margins could decrease. Furthermore, if we need to lower the price of our homes to create demand, the value of our** ~~and~~ **land** ~~other demographic factors; availability and pricing~~ **inventory may decrease. Inflation can also raise our costs** of **capital** ~~mortgage financing for homebuyers; consumer confidence generally~~ and **decrease our purchasing power** ~~the confidence of potential homebuyers in particular; consumer spending; financial system and credit market stability; private party and government mortgage loan programs (including changes in FHA~~ , **making it more difficult** ~~USDA, VA, Fannie Mae~~ and ~~Freddie Mac conforming mortgage loan limits, credit risk~~ / ~~mortgage loan insurance premiums and / or other fees, down payment requirements and underwriting standards), and federal and state regulation, oversight and legal action regarding lending, appraisal, foreclosure and short sale practices; federal and state personal income tax rates and provisions, including provisions for~~ - **or more** ~~the deduction of mortgage loan interest payments, real estate taxes and other expenses~~ - **expensive** ~~; supply of and prices for available new or resale homes (including lender- owned homes) and other housing alternatives, such as apartments, single- family rentals and other rental housing; homebuyer interest in our current or new product designs and new home community locations; general consumer interest in purchasing a home compared~~ to **maintain sufficient funds to operate** ~~choosing other housing alternatives; interest of financial institutions or other businesses in purchasing wholesale homes; and real estate taxes. Adverse changes in these conditions may affect~~ our business ~~nationally or~~ **. Our operations** may be **negatively impacted by inflation due to increasing construction costs** ~~more prevalent or concentrated in particular submarkets in which we operate. Inclement weather~~ , ~~natural disasters~~ **labor and materials, as well as land acquisition financing costs. The Federal Reserve materially raised interest rates in 2022 and into the summer of 2023** (~~such as earthquakes, hurricanes, tornadoes, floods, prolonged periods of precipitation, droughts~~ and ~~fires~~ **may continue to increase interest rates in the future to further combat inflation**) ~~, other calamities and other~~ **. The elevated interest rate** ~~environmental~~ -- **environment that persisted into late 2023 negatively impacted** ~~conditions can delay the delivery of our homes and / or~~ **our financing** ~~increase our~~ costs ~~. For example~~ , ~~in the third quarter of 2022, Hurricane Ian caused a delay in some home closings in Florida. Civil unrest or acts of terrorism can also have a negative effect on our business. If the homebuilding industry experiences another significant or sustained downturn, it would materially adversely affect our business and results of operations in future years. The potential difficulties described above can cause demand and prices for our homes to fall or cause us to take longer and incur more costs to develop the land~~ - **and in turn** ~~and build our homes. We may not be able to recover these increased costs by raising prices because of market conditions. The potential difficulties described above could also lead some homebuyers to cancel or~~ **our gross margin** ~~refuse to honor their home purchase contracts altogether~~ . The tightening of mortgage lending standards and mortgage financing requirements, untimely or incomplete mortgage loan originations for our homebuyers and rising mortgage interest rates could adversely affect the availability of mortgage loans for potential purchasers of our homes and thereby materially and adversely affect our business, prospects, liquidity, financial condition and results of operations. Almost all of our customers finance their home purchases through lenders that provide mortgage financing. Mortgage interest rates have generally trended downward for the last several decades and reached historic lows in 2021, which — during that period — made the homes we sell more affordable. Mortgage interest rates increased substantially during 2022 **and 2023** in response to the Federal Reserve' s actions ~~and future signaling~~ to combat inflationary pressures, which negatively impacted consumer affordability. We cannot predict future mortgage interest rates, and, if mortgage interest rates continue to increase **or remain at elevated levels for an extended period of time, whether as a result of additional action by the Federal Reserve or otherwise** , the ability of prospective homebuyers to finance home purchases may be adversely affected, and, as a result, our operating results may be significantly impacted. Our homebuilding activities are dependent upon the availability of mortgage financing to homebuyers, which is expected to be impacted by continued regulatory changes and fluctuations in the risk appetites of lenders. The financial documentation, down payment amounts and income to debt ratio requirements are subject to change and could become more restrictive. The federal government has a significant role in supporting mortgage lending through its conservatorship of Fannie Mae and Freddie Mac, both of which purchase or insure mortgage loans and mortgage loan- backed securities, and its insurance of mortgage loans through or in connection with the FHA, the VA and the USDA. FHA and VA backing of mortgage loans has been particularly important to the mortgage finance industry and to our business. Increased lending volume and losses insured by the FHA have resulted in a reduction of the FHA insurance fund. If either the FHA or VA raised their down payment requirements or lowered maximum loan amounts, our business could be materially affected. In addition, changes in governmental regulation with respect to mortgage lenders could adversely affect demand for housing. The availability and affordability of mortgage loans, including mortgage interest rates for such loans, could also be adversely affected by a scaling back or termination of the federal government' s mortgage loan- related programs or policies. Fannie Mae, Freddie Mac, FHA, USDA and VA backed mortgage loans have been an important factor in marketing and selling many of our homes. Given that a majority of our customers' mortgages conform with terms established by Freddie Mac, Fannie Mae and FHA, any limitations or restrictions in the availability of, or higher consumer costs for, such government- backed financing could adversely affect our business, prospects, liquidity, financial condition and results of operations. The elimination or curtailment of state bonds to assist homebuyers could materially and adversely affect our business, prospects, liquidity, financial condition and results of operations. In addition, certain current regulations impose, and future regulations may strengthen or impose new standards and requirements relating to the origination, securitization and servicing of residential consumer mortgage loans, which could further restrict the availability and affordability of mortgage loans and the demand for such loans by financial intermediaries and, as a result, adversely affect our home sales, financial condition and results of operations. Further, if, due to credit or consumer lending market conditions, reduced liquidity, increased risk retention or minimum capital level obligations and / or regulatory restrictions related to certain regulations, laws or other factors or business decisions, these lenders refuse or are unable to provide mortgage loans to our homebuyers, or increase the costs to borrowers to obtain such loans, the number of homes we close and our business, prospects, liquidity, financial condition and results of operations may be materially adversely affected. Entry- level and first- time move- up homebuyers are the primary sources of demand for our new homes. Entry- level homebuyers are generally more affected by the availability of mortgage financing than other potential homebuyers and many of our potential move- up homebuyers must sell their existing homes in order to buy a home from us. A limited availability of suitable mortgage financing could prevent customers from buying our homes and could prevent buyers of our customers' homes from obtaining mortgages they need to complete such purchases, either of which could result in potential customers' inability to buy a home from us, which could have a material adverse effect on our sales, profitability, cash flows and ability to service our debt obligations. ~~Inflation~~ **Our industry is cyclical and adverse changes in general and local economic conditions** could ~~adversely affect our business and financial results. Currently, the United States is experiencing inflationary conditions. Inflation could adversely affect our business and financial results by increasing the costs of land, raw materials and labor needed to operate our business. If our markets have an oversupply of homes relative to demand, we may be unable to offset any such increases in costs with corresponding higher sales prices for our homes. Inflation may also accompany higher interest rates, which could adversely impact potential customers' ability to obtain financing on favorable terms, thereby further decreasing demand. If we are unable to raise the prices of our homes to offset the increasing costs of our operations, our margins could decrease. Furthermore, if we need to lower the price of our homes to meet demand, the value of our land inventory may decrease. Inflation may also raise our costs of capital and decrease our purchasing power, making it more difficult to maintain sufficient funds to operate our business. Our operations may be negatively impacted by inflation due to increasing construction costs, labor and materials, as well as land acquisition financing costs. The Federal Reserve materially raised interest rates in the current year and signaled additional interest rate increases which increased our financing costs and has reduced~~ - **reduce the** demand for ~~our~~ homes ~~. Volatility in the credit~~ and ~~capital markets may impact our cost of capital and our ability to access necessary financing and the difficulty in obtaining sufficient capital could prevent us from acquiring lots for construction or increase costs and delays in the completion of our homebuilding expenditures. If we require working capital greater than that provided by our operations and our credit facilities~~ , **as** ~~we may be required to increase the amount available under the facilities or to seek alternative financing, which might not be available on terms that are favorable or acceptable or at all. If we are required to seek financing to fund our working capital requirements, volatility in credit or capital markets may restrict our flexibility to successfully obtain additional financing on terms acceptable to us, or at all. If we are at any time unsuccessful in obtaining sufficient capital to fund our planned homebuilding expenditures, we may experience~~ a ~~substantial delay in the completion of homes then under construction, or we may be unable to control or purchase finished lots. Any delay could~~ result **,** ~~in cost increases and~~ could have a material adverse effect on **us. Our business can be substantially affected by adverse changes in general economic** ~~our~~ - **or business conditions that are outside of our control, including changes in short- term and long- term interest rates; employment levels and job and personal income growth; housing demand from population growth, household formation and other demographic factors; availability and pricing of mortgage financing for homebuyers; consumer confidence generally and the confidence of potential homebuyers in particular; consumer spending; financial system and credit market stability; private party and government mortgage loan programs (including changes in FHA, USDA, VA, Fannie Mae and Freddie Mac conforming mortgage loan limits, credit risk / mortgage loan insurance premiums and / or other fees, down payment requirements and underwriting standards), and federal and state regulation, oversight and legal action regarding lending, appraisal, foreclosure and short** ~~sales~~ - **sale practices; federal and state personal income tax rates and provisions** , ~~profitability~~ **including provisions for the deduction of mortgage loan interest payments** , ~~stock performance~~ **real estate taxes and other expenses; supply of and prices for available new or resale homes (including lender- owned homes) and other housing alternatives** , ~~cash flows~~ **such as apartments, single- family rentals and other rental housing; homebuyer interest in our current or new product**

designs and new home community locations; general consumer interest in purchasing a home compared to choosing other housing alternatives; interest of financial institutions or other businesses in purchasing wholesale homes; and real estate taxes. Adverse changes in these conditions may affect our business nationally or may be more prevalent or concentrated in particular submarkets in which we operate. Inclement weather, natural disasters (such as earthquakes, hurricanes, tornadoes, floods, prolonged periods of precipitation, droughts and fires), other calamities and other environmental conditions can delay the delivery of our homes and / or increase our costs. Civil unrest or acts of terrorism can also have a negative effect on our business. If the homebuilding industry experiences a significant or sustained downturn, it would materially adversely affect our business and results of operations in future years. The potential difficulties described above can cause demand and prices for our homes to fall or cause us to take longer and incur more costs to develop the ~~and~~ **land and build** ~~ability to service~~ our **homes** ~~debt obligations~~ . We ~~have access~~ **may not be able** to **recover** ~~our Credit Agreement, which is a senior unsecured revolving credit facility. Another source of liquidity includes our ability to use letters of credit and surety bonds. These~~ **these** ~~letters~~ **increased costs by raising prices because** of ~~credit and surety bonds relate~~ **market conditions. The potential difficulties described above could also lead some homebuyers** to **cancel** ~~certain performance- related obligations and serve as security for~~ - **or** ~~certain land option~~ **refuse to honor their home purchase** contracts **altogether** . The majority of these letters of...... results of operations could be adversely affected . Regional factors affecting the homebuilding industry in our current markets could materially and adversely affect us. Our business strategy is focused on the acquisition of suitable land and the design, construction and sale of primarily single- family homes in residential subdivisions, including planned communities, in Florida, Texas, **Tennessee, North Carolina, South Carolina, Georgia,** Colorado, **and** ~~Georgia,~~ the Washington **,** D. C. metropolitan area, **which comprises** ~~South Carolina and North~~ **Northern** ~~Carolina~~ **Virginia and Maryland** . In addition, we have lot purchase contracts for the right to purchase lots at a future point in time in all of these areas. A prolonged economic downturn in the future in one or more of these areas, or a particular industry that is fundamental to one or more of these areas, particularly within Florida and Texas, our largest markets, 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, it could result in a reduction in employment or other negative economic consequences, which could adversely impact our homebuilding revenues and activities in our Texas markets. Moreover, 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. If adverse conditions in these markets develop in the future, it could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations. Furthermore, if buyer demand for new homes in these markets decreases, home prices could decline, which would have a material adverse effect on our business. The homebuilding industry is highly competitive and, if our competitors are more successful or offer better value to our customers, our business could decline. We operate in a very competitive environment that is characterized by competition from a number of other homebuilders and land developers in each market in which we operate. Additionally, there are relatively low barriers to entry into our business. We compete with large national and regional homebuilding companies, some of which have greater financial and operational resources than us, and with smaller local homebuilders and land developers, some of which may have lower administrative costs than us. We may be at a disadvantage with regard to certain of our large national and regional homebuilding competitors whose operations are more geographically diversified than ours, as these competitors may be better able to withstand any future regional downturns in the housing market. Furthermore, our market share in certain of our markets may be lower as compared to some of our competitors. Many of our competitors also have longer operating histories and longstanding relationships with subcontractors and suppliers in the markets in which we operate or to which we may expand. This may give our competitors an advantage in marketing their products, securing materials and labor at lower prices and allowing their homes to be delivered to customers more quickly and at more favorable prices. We compete for homebuyers, desirable land parcels, financing, raw materials, skilled management and other labor resources, among other things. Our competitors may independently develop land and construct homes that are substantially similar to our products. 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, hinder our market share expansion and cause us to increase our selling incentives and reduce our prices. An oversupply of homes available for sale or discounting of home prices could periodically adversely affect demand for our homes in certain markets and could adversely affect pricing for homes in the markets in which we operate. If we are unable to compete effectively in our markets, our business could decline disproportionately to our competitors, and our results of operations and financial condition could be adversely affected. We can provide no assurance that we will be able to continue to compete successfully in any of our markets. Our inability to continue to compete successfully in any of our markets could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations. Any limitation on, or reduction or...... the shutdown or slowdown has ended. Natural disasters, severe weather and adverse geologic conditions may increase costs, cause project delays and reduce consumer demand for housing, all of which could materially and adversely affect us. Our homebuilding operations are located in many areas that are subject to natural disasters, severe weather or adverse geologic conditions. These include, but are not limited to, hurricanes, tornadoes, droughts, floods, brush fires, wildfires, prolonged periods of precipitation, landslides, soil subsidence, earthquakes and other natural disasters. For example, we operate in a number of locations in the Mid- Atlantic and Southeast that are periodically impacted by severe weather conditions and hurricanes. As a result, our operations in certain areas of Florida, Georgia and South Carolina could experience temporary disruptions and delays. Additionally, our corporate headquarters are located in Jacksonville, Florida, an area that is often impacted by severe weather events, and our operations may be substantially disrupted if our corporate headquarters are forced to close. The occurrence of any of these events could damage our land parcels and projects, cause delays in completion of our projects, reduce consumer demand for housing and cause shortages and price increases in labor or raw materials, any of which could affect our sales and profitability. In addition to directly damaging our land or projects, many of these natural events could damage roads and highways providing access to our assets or affect the desirability of our land or projects, thereby adversely affecting our ability to market and sell homes in those areas and possibly increasing the costs of homebuilding. Furthermore, the occurrence of natural disasters, severe weather and other adverse geologic conditions has increased in recent years due to climate change and may continue to increase in the future. Climate change may have the effect of making the risks described above occur more frequently and more severely, which could amplify the adverse impact ~~in~~ **on** our business, prospects, liquidity, financial condition and results of operations. There are some risks of loss for which we may be unable to purchase insurance coverage. For example, losses associated with hurricanes, landslides, prolonged periods of precipitation, earthquakes and other weather- related and geologic events may not be insurable and other losses, such as those arising from terrorism, may not be economically insurable. A sizeable uninsured loss could materially and adversely affect our business, prospects, liquidity, financial condition and results of operations. **A major** New and existing laws and regulations or...... can also be impacted adversely by unforeseen health ~~,~~ **and** safety **incident relating to** ~~and welfare issues, which can further delay these projects or~~ **our business** ~~prevent their development. As a result of any of these statutes, ordinances, rules or regulations, the timing of our home sales~~ could be ~~delayed~~ **costly in terms of potential liabilities and reputational damage. Building sites are inherently dangerous** , **and operating in the homebuilding and land development industry poses certain inherent health and safety risks. Due to health and safety regulatory requirements and** 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** ~~our~~ - **or** ~~home sales~~ **litigation, 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 ~~decline~~ **generate significant negative publicity** and ~~/~~ **have a corresponding impact on** ~~or~~ **our reputation and** our ~~costs could increase~~ **relationships with relevant regulatory agencies, governmental authorities and local communities** , which **in turn** could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations . Changes in U. S....... similar energy- related regulations or requirements . Our geographic concentration could materially and adversely affect us if the homebuilding industry in our current markets should decline. Our business strategy is focused on the design, construction and sale of single- family detached and attached homes ~~in 9 states across the United States including the District of Columbia metropolitan area~~ . ~~While~~ **We do have some geographic concentration present in** our **operations. For instance, a significant portion of our homebuilding** operations are ~~geographically diverse, a~~ **concentrated within Florida and Texas. A** prolonged economic downturn in one or more of the areas in which we operate 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. Difficulties with appraisal valuations in relation to the proposed sales price of our homes could force us to reduce the price of our homes for sale. Each of our home sales may require an appraisal of the home **' s** value before closing. These appraisals are professional judgments of the market value of the property and are based on a variety of market factors. If our internal valuations of the market and pricing do not line up with the appraisal valuations, and appraisals are not at or near the agreed upon sales price, we may be forced to reduce the sales price of the home to complete the sale. These appraisal issues could have a material adverse effect on our business and results of operations. If the market value of our inventory or controlled lot position declines, our profits could decrease and we may incur losses. Inventory risk can be substantial for homebuilders. The market value of building lots and housing inventories can fluctuate significantly as a result of changing market conditions. In addition, inventory carrying costs can be significant and can result in losses in a poorly performing community or market. We may be required to write- down the book value of our real estate assets in accordance with accounting principles generally accepted in the United States (" GAAP "), and some of those write- downs could be material. Any material write- downs of assets could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations. Additionally, we must continuously seek and make acquisitions of lots for expansion into new markets, as well as for replacement and expansion within our current markets, which we generally accomplish by entering into finished lot option contracts or land bank option contracts. In the event of adverse changes in economic, market or community conditions, we may cease further building activities in certain communities, restructure existing land purchase option contracts or elect not to exercise our land purchase options. Such actions would result in our forfeiture of some or all of any deposits, fees or investments paid or made in respect of such arrangements. The forfeiture of land contract deposits or inventory impairments may result in a loss that could have a material adverse effect on our profitability, stock performance, ability to service our debt obligations and future cash flows. A major health and safety incident relating...... financial condition and results of operations. We are subject to warranty and liability claims arising in the ordinary course of business that can be significant. As a homebuilder, we are subject to construction ~~defect~~ **defects** , product liability and home and other warranty claims, including moisture intrusion and related claims, arising in the ordinary course of business. These claims are common to the homebuilding industry and can be costly. There can be no assurance that any developments we undertake will be free from defects once completed, and any defects attributable to us may lead to significant contractual or other liabilities. Although we provide subcontractors with detailed specifications and perform quality control procedures, subcontractors may, in some cases, use improper construction processes or defective materials. Defective products used in the construction of our homes can result in the need to perform extensive repairs. When we discover these issues, we utilize our subcontractors to repair the homes in accordance with our subcontractor agreements, our new home warranty and as required by law. We maintain and require our subcontractors to maintain general liability insurance (including construction defect and bodily injury coverage) naming the Company as an additional insured and workers' compensation insurance and generally seek to require our subcontractors to provide a warranty to us and to defend and indemnify us for liabilities arising from their work. Therefore, any claims relating to workmanship and materials are generally the subcontractors' responsibility. While these indemnities and insurance policies, subject to deductibles and other coverage limits, protect us against a portion of our risk of loss from claims related to our land development and homebuilding activities, we cannot provide assurance that these indemnities and insurance policies will be adequate to address all of our home and other warranty, product liability and construction defect claims in the future, or that any potential inadequacies will not have an adverse effect on our business, financial condition or results of operations. The cost of performing such repairs (not covered by subcontractor warranty or indemnities) or litigation arising out of such issues, may be significant if we are unable to recover certain costs from subcontractors, suppliers and / or insurers. Warranty and construction defect matters can also result in negative publicity, including on social media platforms, which could damage our reputation and negatively affect our ability to sell homes. Further, the coverage offered by, and the availability of, general liability insurance for completed operations and construction defects are currently limited and costly. While the Company records an estimate of warranty expense based on historical warranty costs, we cannot provide assurance that coverage will not become costlier and / or be further restricted, increasing our risks and financial exposure to claims. ~~activities,operations~~ **A major health** and **safety incident relating** ~~profitability and on the availability and price of certain raw materials,such as lumber,steel and concrete.There is a growing concern from advocacy groups and the general public that the emissions of greenhouse gases and other human activities have caused,and will continue~~ to **our business** ~~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 change impacts and concerns~~ could ~~result~~ **be costly** in ~~restrictions on~~ **terms of potential liabilities and reputational damage.Building sites are inherently dangerous,and operating in the homebuilding and** land development ~~in~~ **industry poses** certain **inherent health and safety risks.Due to health and safety regulatory requirements and the number of projects we work on,health and safety performance is critical to the success of all** areas **of** ~~or~~ **our business** ~~increased energy,transportation and raw material costs~~ . ~~On February 19~~ **Any failure in health and safety performance may result in penalties for non- compliance with relevant regulatory requirements or litigation** , ~~2021 the United States rejoined the Paris Agreement~~ **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 generate significant negative publicity and have a corresponding impact on our reputation and our relationships with relevant regulatory agencies,governmental authorities and local communities** ,which ~~requires countries to review and " represent a progression "~~ in **turn** ~~their intended nationally determined contributions,which set greenhouse gas emission reduction goals,every five years.A variety of new legislation may be enacted or considered for enactment at the federal,state and local levels relating to climate change and energy,including in response to the United States' reentry into the Paris Agreement.This legislation could relate to,for example,matters such as greenhouse gas emissions control and building and other codes that impose energy efficiency standards or require energy saving construction materials.New building or other code requirements that impose stricter energy efficiency standards or requirements for building materials could significantly increase our cost to construct homes.As climate change concerns continue to grow,legislation,regulations,mandates,standards and other requirements of this nature are expected to continue to be enacted and become costlier for us to comply with.Additionally,certain areas in the United States either have enacted or are considering a ban on the use of natural gas appliances and / or natural gas hookups,in new construction.Such bans,if enacted in areas in which we operate,could affect our cost to construct homes.Similarly,energy- related initiatives affect a wide variety of companies throughout the United States,and because our operations are heavily dependent on significant amounts of raw materials,such as lumber,steel and concrete,these initiatives~~ could have ~~an~~ **a material** adverse ~~impact~~ **effect** on our **business,prospects,liquidity,financial condition and results of** operations **.Our mortgage banking** and ~~profitability~~ **title services business is competitive and we may not be able** to **compete effectively in this area.The competitors to our mortgage banking business include title companies and mortgage lenders,including national,regional and local mortgage banks and** ~~the~~ **other** ~~extent~~ **financial institutions.Some of** ~~the~~ **these competitors** ~~manufacturers and suppliers of our materials~~ are ~~burdened~~ **subject to fewer governmental regulations and have greater access to capital than we do,and some of them may operate** with ~~expensive cap~~ **different criteria than we do.These competitors may offer a broader or more attractive array of financing** and ~~trade~~ **other products and services to potential customers than we do.** ~~or~~ **For** ~~similar energy- related regulations or requirements~~ **these reasons,we may not be able to compete effectively in the mortgage banking business** .Our mortgage banking and title services businesses may be adversely affected by changes in governmental regulation.Changes in governmental regulation with respect to mortgage lenders and title service providers could adversely affect the financial results of this portion of our business.Our financial services businesses are subject to numerous federal,state and local laws and regulations,which,among other things:prohibit discrimination and establish underwriting guidelines;provide for audits and inspections;require appraisals and / or credit reports on prospective borrowers and disclosure of certain information concerning credit and settlement costs;establish maximum loan amounts;prohibit predatory lending practices;and regulate the referral of business to affiliated entities.In addition,our title insurance operations are also subject to applicable insurance and banking laws and regulations as well as government audits,examinations and investigations,all of which may limit our ability to provide title services to potential purchasers.The regulatory environment for mortgage lending is complex and ever changing and has led to an increase in the number of audits,examinations and investigations in the industry.The 2008 housing downturn resulted in numerous changes in the regulatory framework of the financial services industry.More recently,in response to COVID-19,federal agencies,state governments and private lenders are proactively providing relief to borrowers in the housing market by,subject to requirements,suspending home foreclosures and granting payment forbearance,among other things.These relief measures are temporary,but these changes and others could become incorporated into the current regulatory framework.Any changes or new enactments could result in more stringent compliance standards,which could adversely affect our financial condition and results of operations and the market perception of our business.Additionally,if we are unable to originate mortgages for any reason going forward,our customers may experience significant mortgage loan funding issues,which could have a material impact on our homebuilding business and our consolidated financial statements.Operational Risks **Related to Our Business** Our inability to successfully identify,secure and control an adequate inventory of lots at reasonable prices could adversely impact our operations.The results of our homebuilding operations depend in part upon our continuing ability to successfully identify,control and acquire an adequate number of homebuilding lots in desirable locations.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,or that we will not be required to devote a greater amount of capital to controlling homebuilding lots than we have historically.In addition,because we employ an asset- light business model,we may have access to fewer and less attractive homebuilding lots than if we owned lots outright,like some of our competitors who do not operate under an asset- light model.An insufficient supply of homebuilding lots in one or more of our markets,an inability of our developers to deliver finished lots in a timely fashion due to their inability to finance development activities,delays in recording deeds,conveying controlled lots as a result of government shut downs,or for other reasons,or our inability to purchase or finance homebuilding lots on reasonable terms could have a material adverse effect on our sales,profitability,ability to service our debt obligations and future cash flows.Any land shortages or any decrease in the supply of suitable land at reasonable prices could limit our ability to develop new communities or result in increased lot deposit requirements or land costs.We may not be able to pass any increased land costs to our customers,which could adversely impact our revenues,earnings and margins. **As** ~~Although when~~ the fair market value of controlled lots deviates from that of which the option contracts were originally executed,we attempt to renegotiate the terms of the option contracts to ensure that the yields are aligned with current market conditions ~~,there is no guarantee our renegotiating efforts will be successful~~ .Increases in our cancellation rate could have a negative impact on our homebuilding revenues and gross margins.Our backlog reflects sales contracts with ~~customers~~ **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 obligations under the sales contract,subject to certain exceptions or contingencies,including as a result of state and local law,the homebuyer' s inability to sell his or her current home or,in certain circumstances,the homebuyer' s inability to obtain suitable financing.Cancellations negatively impact the number of closed homes,net new orders,homebuilding revenues and results of operations,as well as the backlog.In addition to the contingencies noted above,cancellations can result from 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,and adverse changes in economic conditions. **During** ~~Beginning in~~ the fourth quarter of 2022 ~~and continuing into 2023~~ ,demand further tightened in response to additional increases in mortgage rates ~~caused by the Federal Reserve raising interest rates in response to inflationary conditions~~ .The market' s reaction to the ~~interest rate environment~~ **deteriorating economic conditions** negatively affected net new orders and continues to have a negative impact ~~on~~ **in** the cancellation rate for the Company.Any continued increase in the level of our cancellations would have a negative impact on our business,prospects,liquidity,financial condition and results of operations ~~.Refer to " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Business Overview and Outlook " for more information~~ .Our business and results of operations are dependent on the availability,skill and performance of subcontractors.We engage subcontractors to perform the construction of our homes and,in many cases,to obtain the raw materials used in constructing our homes.Accordingly,the timing and quality of our construction depend on the availability and **skill of our subcontractors.While we anticipate being able to obtain sufficient materials and reliable subcontractors and believe that our relationships with subcontractors are good,we do not have long- term contractual commitments with any subcontractors,and we can provide no assurance that skilled subcontractors will continue to be available at reasonable rates and in our markets.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.The sustained labor shortage in the United States has made the engagement of subcontractors more difficult during 2022.The inability to contract with skilled subcontractors at reasonable rates on a timely basis could have a material adverse effect on our business,prospects,liquidity,financial condition and results of operations.** A continued shortage of building materials or labor, or continued increases in materials or labor costs, could delay or increase the cost of home construction, which could materially and adversely affect us. The residential construction industry experiences labor and raw material shortages from time to time, including shortages in qualified subcontractors, tradespeople and supplies of insulation, drywall, cement, steel and lumber. These labor and raw material shortages can be more severe during periods of strong demand for housing, during periods following natural disasters that have a significant impact on existing residential and commercial structures or a result of broader economic disruptions ~~, such as the COVID- 19 pandemic~~ . **We continue to** ~~Currently, we are experiencing~~ **experience** labor shortages. It is uncertain whether these shortages will continue as is, improve or worsen. Further, pricing for labor and raw materials could be affected by the factors discussed above and various other national, regional, local, economic and political factors, including changes in immigration laws and trends in labor migration and tariffs. **For instance, in 2023, Florida enacted legislation that will impose more stringent immigration eligibility requirements that could cause our labor shortage to worsen.** Our success in recently ~~-~~entered markets or those we may choose to enter in the future depends substantially on our ability to source labor and local materials on terms that are favorable to us. Our markets may exhibit a reduced level of skilled labor relative to increased homebuilding demand in these markets. In the event of shortages in labor or raw materials in such markets, local subcontractors, tradespeople and suppliers may choose to allocate their resources to homebuilders with an established presence in the market and with whom they have longer- standing relationships. Labor and raw material shortages and price increases for labor and raw materials could cause delays in and increase our costs of home construction, which in turn could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations . Global economic and political instability and...... could materially and adversely affect our business . If we are unable to develop our communities successfully or within expected time-frames, our results of operations could be adversely affected. Although our preference is to acquire finished lots, from time to time, we may also acquire property that requires further development before we can begin building homes. When a community requires additional developments, we devote substantial time and capital in order to obtain development approvals, acquire land and construct significant portions of project infrastructure and amenities before the community generates any revenue. 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. Delays in the development of communities, including 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 one of our new undeveloped communities successfully 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. We may be unable to obtain suitable bonding for the development of our communities. We are often required to provide bonds, letters of credit or guarantees to governmental authorities and others to ensure the completion of our communities. As a result of market conditions, some municipalities and governmental authorities have been reluctant to accept surety bonds and instead require 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 to obtain required bonds in the future for our communities, or if we are required to provide credit enhancements with respect to our current or future bonds or in place of bonds, our business, prospects, liquidity, financial condition and results of operations could be materially and adversely affected. We may suffer significant financial harm and loss of reputation if we do not comply, cannot comply or are alleged to have not complied with applicable laws, rules and regulations concerning our classification and compensation practices for independent contractors. Each of our divisions ~~retain~~ **retains** various independent contractors, either directly or indirectly through third- party entities formed by these independent contractors for their business purposes, including, without limitation, some of our sales agents. With respect to these independent contractors, we are subject to the Internal Revenue Service (the “ IRS ”) regulations and applicable state law guidelines regarding independent contractor classification. These regulations and guidelines are subject to judicial and agency interpretation, and it might be determined that the independent contractor classification is inapplicable to any sales agents, vendors or any other entity characterized as an independent contractor. Further, if legal standards for the classification of independent contractors change or appear to be changing, we may need to modify our compensation and benefits structure for such independent contractors, including by paying additional compensation or reimbursing expenses. There can be no assurance that legislative, judicial, administrative or regulatory (including tax) authorities will not introduce proposals or assert interpretations of existing rules and regulations that would change the independent contractor classification of any individual or vendor currently characterized as independent contractors doing business with us. Although management believes that there are no proposals currently pending that would significantly change the independent contractor classification, potential changes, if any, with respect to such classification could have a significant effect on our operating model. Further, the costs associated with any such potential changes could have a significant effect on our results of operations and financial condition if we were unable to pass through an increase in price corresponding to such increased costs to our customers. Additionally, we could incur substantial costs, penalties and damages, including back pay, unpaid benefits, taxes, expense reimbursement and attorneys’ fees in defending future challenges to our employment classification or compensation practices. We could be adversely affected by efforts to impose joint employer liability on us for labor law violations committed by our subcontractors. Our homes are constructed by employees of subcontractors and other third parties. We do not have the ability to control what these parties pay their employees or the rules they impose on their employees. However, various governmental agencies have taken actions to hold parties like us responsible for violations of wage and hour laws and other labor laws by subcontractors. Governmental rulings that hold us responsible for labor practices by our subcontractors could create substantial exposures for us under our subcontractor relationships, which could have a material adverse impact on our business, prospects, liquidity, financial condition and results of operations. Poor relations with the residents of our communities could negatively impact sales, which could cause our revenues or results of operations to decline. 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 our 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. **acquisition.To** the extent we pay the purchase price of an acquisition in cash,such an acquisition would reduce our cash reserves,and,to the extent the purchase price of an acquisition is paid with our stock,such an acquisition could be dilutive to our stockholders.To the extent we pay the purchase price of an acquisition with proceeds from incurring debt,such an acquisition would increase our level of indebtedness and interest expense and could negatively affect our liquidity and restrict our operations.Further,to the extent that ~~a portion of~~ the purchase price of an acquisition is paid in the form of an earn out on future financial results,the success of such an acquisition will not be fully realized by us for a period of time as it is shared with the sellers.In addition,changes to the fair value of estimated earn out payments could significantly impact our results of operations.All of the above risks Our joint venture investments could be adversely affected by our lack of sole decision- making authority, our reliance on the financial condition of our joint venture partners and disputes between us and our joint venture partners. We have in the past **,** and may in the future **,** co- invest with third parties through partnerships, joint ventures or other entities, acquiring ~~non- controlling~~ **noncontrolling** interests in, or sharing responsibility for managing the affairs of, a land acquisition and / or a development. In this event, we would 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 incremental risks from involving a third party, including the possibility that our joint venture partners might become bankrupt, fail to fund their share of required capital contributions, make poor business decisions or block or delay necessary decisions. Our joint venture partners may have economic or other business interests or goals that 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 our joint venture partners would have full control over the land acquisition or development. Disputes between us and our joint venture partners 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 be liable for the actions of our joint venture partners in certain circumstances. There are various potential conflicts of interest in our relationship with DF Capital and certain of its managed funds, including with certain of our executive officers and directors who are investors in certain funds managed by DF Capital, which could result in decisions that are not in the best interest of our stockholders. Conflicts of interest may exist or could arise in the future with DF Capital and certain of its managed funds, including with certain of our executive officers and ~~director~~ **directors** ~~nominees~~ who are also investors in certain funds managed by DF Capital. Once a potential lot acquisition that requires a significant upfront commitment of capital is approved by our land acquisition committee, we seek a land bank partner. Historically, we have provided, and we expect to continue to provide DF Capital with the opportunity to have one of its managed funds participate in transactions that require additional funding. Such transactions may not be on terms that are as attractive as those we might be able to achieve if we sought other partners. If DF Capital does not wish to participate in and finance the transaction, we turn to other potential financing sources. Conflicts with DF Capital and certain of its managed funds may include, without limitation: conflicts arising from the enforcement of agreements between us and DF Capital and / or certain of its managed funds; conflicts in determining whether to offer DF Capital the opportunity to participate in a potential lot acquisition financing; if DF Capital does participate, conflicts in determining the terms of the financing; and conflicts in future transactions that we may pursue with DF Capital and / or one of its managed funds. **Interest expense on debt we incur may limit our cash available to fund our growth strategies. If our operations do not generate sufficient cash from operations at levels currently anticipated, we may seek additional capital in the form of debt financing.** Our **current indebtedness includes,** ~~future success depends upon our ability to successfully adapt our business strategy to changing home buying patterns~~ and ~~trends~~ **any additional indebtedness we subsequently incur may have, a floating rate of interest** . ~~Future home buying patterns~~ **Higher interest rates could increase debt service requirements on our current floating rate indebtedness,** and ~~trends~~ **on any floating rate indebtedness we subsequently incur, and** could reduce ~~the demand~~ **funds available** for **operations, future business opportunities** ~~our~~ - **or** ~~homes and~~ **other purposes. If we need to repay existing indebtedness during periods of rising interest rates** , **we could be required to refinance our then- existing indebtedness on unfavorable terms or liquidate one or more of our assets to repay such indebtedness at times that 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. Our ability to access and obtain capital in the future could be adversely affected** as a result **of a downgrade in any of our credit ratings. Our ability to access and obtain financing on favorable terms is a key component of the Company' s operating capacity. If negative rating actions** , **including downgrades, were to occur for either the Company' s corporate credit rating or the credit ratings for our senior unsecured notes, it** could ~~have~~ **impact our access to new debt or result in less- than- favorable terms for any future debt obtained, such as harsher covenants, increased cost to obtain new debt and higher interest rates. Either scenario could result in** a material adverse effect on **liquidity, financial condition and results of operations, which could serve to further compound negative rating actions and their effects on** our business ~~and results of operations~~ . ~~Part of~~ **Our current financing arrangements contain, and** our ~~business strategy is to offer homes~~ **future financing arrangements likely will contain, restrictive covenants. Our current financing agreements contain, and the financing arrangements we enter into in the future likely will contain, covenants** that ~~appeal~~ **limit our ability** to ~~a broad range of entry- level~~ **do certain things. For instance, our credit agreement requires the Company to meet certain financial ratios** and ~~move- up homebuyers based~~ **comply with covenants, such as a maximum debt to capitalization ratio, minimum interest coverage ratios and minimum liquidity ratios. Furthermore, the Company issued senior unsecured notes** in **August 2023** ~~each local market in~~ which **were issued pursuant to** ~~we operate. However, given the significant increases in average home sales prices across our markets and~~ - **an indenture (** ~~the anticipated increased demand for more affordable homes due to generational shifts, changing demographies and other~~ -- **the " Indenture ")** factors, we have increased our focus...... greater financial, marketing and other resources . In addition **to customary events of default** , ~~some state and local governments~~ **the Indenture contains certain restrictive covenants that, among other things, limit our ability to incur or guarantee certain indebtedness, issue certain equity interests or engage** in ~~markets where~~ **certain capital stock transactions, and impose constraints concerning mergers, consolidations, and asset transfers. If** we fail to meet or satisfy any of these provisions,we would be in default under such financing agreement and our lenders could elect to declare outstanding amounts due and payable and terminate their commitments.A default also could significantly limit our financing alternatives,which could cause us to curtail our investment activities and / or dispose of assets when we otherwise would not choose to do so.In addition,future indebtedness we obtain may contain financial covenants limiting our ability to,for example,incur additional indebtedness,make certain investments,reduce liquidity below certain levels and pay dividends to our stockholders and otherwise affect our ~~operate~~ **operating policies. If we default on one or more of our debt agreements, it could** have **a material adverse effect on** ~~approved, and others may approve, slow- growth or~~ **our business, prospects, liquidity, financial condition** ~~no- growth initiatives and other ballot measures that could negatively impact the availability of land~~ - **and results** ~~and building opportunities within those areas. Approval~~ of ~~these initiatives~~ **operations. Adverse developments affecting financial institutions, including bank failures,** could adversely affect our **liquidity** ~~ability to build and sell homes in the affected markets and / or could require the satisfaction of additional administrative and regulatory requirements, which could result in slowing the progress or increasing the costs of our homebuilding operations in these markets. Finally, our ability to begin new projects could be negatively impacted if we elect not to purchase land~~ - **and financial performance. We have undrawn committed funding from numerous financial institutions** under our ~~land banking option contracts~~ **syndicated revolving line of credit** . **Additionally** ~~We intend to grow our operations in existing markets~~ , ~~and~~ we may ~~expand into new markets~~ **hold domestic cash deposits in Federal Deposit Insurance Corporation (" FDIC ") insured banks which exceed the FDIC insurance limits. Bank failures, events involving limited liquidity, defaults, non-performance,** or ~~pursue opportunistic purchases of~~ other **adverse developments** ~~homebuilders on attractive terms as such opportunities arise. We may be unable to achieve the anticipated benefits of any such growth or expansion, including through targeted acquisitions or through efficiencies~~ that **affect financial institutions** ~~we may be unable to achieve~~ , ~~the anticipated benefits may take longer to realize than expected,~~ or **concerns** ~~we may incur greater costs than expected in attempting to achieve the anticipated benefits. In such cases, we will likely need to employ additional personnel~~ or **rumors** ~~consultants that are knowledgeable~~ about such **events, may lead to liquidity constraints. The failure of banks, or other adverse conditions in the financial or credit** markets **impacting financial institutions at which we maintain balances, or have undrawn commitments under our revolving line of credit, could adversely impact our liquidity and financial performance** . There can be no assurance **other financial institutions would provide replacement commitments under our line of credit or** that **our deposits in excess of the FDIC or other comparable insurance limits will be backstopped by the U. S. or that any bank or financial institution with which** we **do business** will be able to ~~employ or retain~~ **obtain needed liquidity from** ~~the~~ **other banks** ~~necessary personnel to successfully implement a disciplined management process and culture with local management~~ , ~~that~~ **government institutions,** ~~our~~ - **or** ~~expansion operations will be successful~~ **by acquisition in the event of a failure** or **liquidity crisis** ~~that we will be able to successfully integrate any acquired homebuilder~~ . ~~This~~ **Adverse developments affecting financial institutions, including bank failures,** could ~~disrupt our ongoing operations and divert management resources that would otherwise focus on developing our existing business. We may develop more communities in which we build townhomes in addition to single- family homes or sell homes to investors or portfolio management companies under built-for- rent or other purposes. We can give no assurance that we will be able to successfully identify, acquire or implement these new strategies in the future. Accordingly, any such expansion, including through acquisitions, could expose us to significant risks beyond those associated with operating our existing business and may~~ adversely affect our ~~business, prospects,~~ liquidity ~~,~~ **and** financial ~~condition~~ **performance. Volatility in the credit** and ~~results~~ **capital markets may impact our cost** of **capital and our ability to access necessary financing and the difficulty in obtaining sufficient capital could prevent us from acquiring lots for construction or increase costs and delays in the completion of our homes under construction. If we require working capital greater than that provided by our** operations ~~. We~~ **and our credit facilities, we** may **be required to increase the amount available under the facilities or to seek alternative financing, which might** not be ~~able~~ **available on terms that are favorable or acceptable or at all. If we are required** to ~~complete~~ **seek financing to fund** ~~or~~ **our working capital requirements, volatility in credit or capital markets may restrict our flexibility to** successfully ~~integrate~~ **obtain additional financing on terms acceptable to us,** ~~our~~ - **or** ~~recent acquisitions or~~ **at all. If we are at** any ~~potential future acquisitions or experience challenges in realizing expected benefits of each such acquisition. From~~ time ~~-~~ **unsuccessful in obtaining sufficient capital** to ~~- time~~ **fund our planned homebuilding expenditures** , we may ~~evaluate possible acquisitions, some~~ **experience a substantial delay in the completion** of ~~which~~ **homes then under construction, or we** may be ~~material. For example, in May 2019, we acquired Village Park Homes, in October 2020, we acquired H & H Homes, in January 2021, we acquired Century Homes, and in October 2021, we acquired MHI, in each case to significantly expand our presence in new and existing geographic markets. These and potential future acquisitions may pose significant risks to our existing operations if they cannot be successfully integrated. These acquisitions would place additional demands on our managerial, operational, financial and other resources and create operational complexity requiring additional personnel and other resources. In addition, we may not be able~~ **unable** to **control** ~~successfully finance or integrate any businesses that we acquire. Furthermore, the integration of any acquisition may divert management' s time and resources from our~~ - **or purchase finished lots** ~~core business and disrupt our operations~~ . **Any delay could result** ~~Moreover, even if we were successful~~ in ~~integrating newly acquired businesses or assets, expected synergies or~~ cost ~~savings may not materialize, resulting in lower than expected benefits to us from such transactions. We may spend time and money on projects that do not increase~~ **increases** ~~our revenue. Additionally, when making acquisitions, it may not be possible for us to conduct a detailed investigation of the nature of the business or assets being acquired, for instance, due to time constraints in making the decision and other factors. We may become responsible for additional liabilities or obligations not foreseen at the time of an~~ **and** acquisition. To the extent we pay...... operations. All of the above risks could have a material adverse effect on our ~~market conditions,which could adversely affect our ability to maximize our returns.Our~~ access to additional third- party sources of financing will depend,in part,on:• general market conditions;• the current interest rates;• the market' s perception of our growth potential;• **the duration and effects of the COVID- 19 pandemic;•** with respect to ~~land~~ acquisition and / or development financing,the market' s perception of the value of the land parcels to be acquired and / or developed;• our current debt levels;• our current and expected future earnings;• our cash flow;and • the market price per share of our common stock.The global credit and equity markets and the overall economy can be extremely volatile,which could have a number of adverse effects on our operations and capital requirements.For the past decade,the domestic financial markets have experienced a high degree of volatility,uncertainty and,during certain periods,tightening of liquidity in both the high yield debt and equity capital markets,resulting in certain periods when new capital has been both more difficult and more expensive to access.If we are unable to access the credit markets,we could be required to **defer or eliminate important** business **strategies and growth opportunities in the future. In addition** , ~~prospects~~ **if there is prolonged volatility and weakness in the capital and credit markets** , ~~liquidity,~~ **potential lenders may be unwilling or unable to provide us with** ~~financial~~ **financing that is attractive to us or may increase collateral requirements or may charge us prohibitively high fees in order to obtain financing. Consequently, our ability to access the credit market in order to attract financing on reasonable terms may be adversely affected. 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. Depending on market** ~~condition~~ **conditions** ~~and results~~ **at the relevant time, we may have to rely more heavily on additional equity financings 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** . Risks Related to Our Organization and Structure We depend on key management personnel and other experienced employees. Our success depends to a significant degree upon the contributions of certain key management personnel, including, but not limited to, Patrick Zalupski, our founder, President, Chief Executive Officer and Chairman of ~~our~~ **the** Board of Directors, our Senior Vice President and Chief Operating Officer, Doug Moran, and our Senior Vice President and Chief Financial Officer, Anabel Fernandez. Although we have entered into employment agreements with Mr. Zalupski, Mr. Moran and Ms. Fernandez, there is no guarantee that Mr. Zalupski, Mr. Moran or Ms. Fernandez will remain employed by us. Our ability to retain our key management personnel or to attract suitable replacements should any members of our management team leave is dependent on the competitive nature of the employment market. The loss of services from key management 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 perceived in the capital markets. We have obtained key man life insurance that would provide us with proceeds in the event of the death or disability of the Chief Executive Officer and / or the Chief Operating Officer. Experienced employees in the homebuilding, land acquisition, development and construction industries are fundamental to our ability to generate, obtain and manage opportunities. In particular, local knowledge and relationships are critical to our ability to source attractive land acquisition opportunities. Experienced employees working in the homebuilding, development and construction industries are highly sought after. 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, prospects, liquidity, financial condition and results of operations. Our current financing arrangements contain, and...... financial condition and results of operations. Mr. Zalupski **owns** ~~has the ability to direct the voting of~~ a ~~majority~~ **significant amount** of ~~the voting power of~~ our ~~common~~ stock ~~,~~ and his interests may conflict with those of our other stockholders. Our common stock consists of two classes: Class A and Class B. Holders of Class A common stock are entitled to one vote per share, and holders of Class B common stock are entitled to three votes per share. Holders of Class A common stock and Class B common stock vote together as a single class on all matters presented to our stockholders for their vote or approval, except as otherwise required by applicable law or our certificate of incorporation. Mr. Zalupski, our founder, President, Chief Executive Officer and Chairman of ~~our~~ **the** Board of Directors, owns, through personal holdings and an entity that he controls, 100 % of our Class B common stock (representing **approximately** 85 % of the total combined voting power of our Class A and Class B common stock as of December 31, ~~2022~~ **2023**). As a result, Mr. Zalupski is able to control matters requiring stockholder approval, including the election and removal of directors, changes to our organizational documents and significant corporate transactions, including any merger, consolidation or sale of all or substantially all of our assets. This concentration of ownership makes it unlikely that any holder or group of holders of our Class A common stock will be able to affect the way we are managed or the direction of our business. The interests of Mr. Zalupski with respect to matters potentially or actually involving or affecting us, such as future acquisitions, financings and other corporate opportunities and attempts to acquire us, may conflict with the interests of our other stockholders. Mr. Zalupski would have to approve any potential acquisition of us. The existence of significant stockholders may have the effect of deterring hostile takeovers, delaying or preventing changes in control or changes in management or limiting the ability of our other stockholders to approve transactions that they may deem to be in our best interests. Mr. Zalupski' s concentration of stock ownership may also adversely affect the trading price of our Class A common stock to the extent investors perceive a disadvantage in owning stock of a company with significant stockholders **. Sales of shares pledged for margin loans by our directors and officers could cause our stock price to decrease. Under the Dream Finders Homes, Inc. Insider Trading Policy (" our Insider Trading Policy "), our directors, officers and employees can pledge shares of our common stock as collateral for a loan or hold shares of our common stock in a margin account if the value of Company securities held in one or more margin accounts does not exceed 30 % of the total value of all of the Company securities owned by the shareholder at the time such loan or loans (individually or in the aggregate) are originated and the director, officer or employee obtains pre- clearance from the designated compliance officer. As of December 31, 2023, Mr. Zalupski had 17, 500, 000 shares of our Class B common stock pledged as security for a margin loan. In the event that such margin loan (or any other margin loan by an officer or director) were to be called and the shares of common stock were sold on the open market by the lender, the price of our common stock would likely decline materially** . Certain of our directors have significant duties with, and spend significant time serving, entities that may compete with us in seeking acquisitions and business opportunities and, accordingly, may have conflicts of interest in pursuing business opportunities. Certain of our directors hold positions of responsibility with other entities whose businesses are involved in certain aspects of the real estate industry, including in DF Capital, with which we partner for certain land banking opportunities. These directors may become aware of business opportunities that may be appropriate for presentation to us, as well as to the other entities with which they are or may become affiliated. Due to these existing and potential future affiliations, they may present potential business opportunities to other entities prior to presenting them to us, which could cause additional conflicts of interest. They may also decide that certain opportunities are more appropriate for other entities with which they are affiliated, and, as a result, they may elect not to present those opportunities to us. These conflicts of interest may not be resolved in our favor. Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents. Our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our bylaws or (iv) any action asserting a claim against us that is governed by the internal affairs doctrine, in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Any person or entity that purchases or otherwise acquires any interest in shares of our capital stock are deemed to have notice of, and consented to, the provisions of our amended and restated certificate of incorporation described in the preceding sentence. This choice of forum provision may limit a stockholders' ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and such persons. Alternatively, if a court were to find these provisions of our amended and restated certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations. ~~We have not declared or paid cash dividends on our Class A common stock and we cannot assure that cash dividends will be paid. Consequently, a return may only be achieved on an investment if the price of the Class A common stock appreciates and the Class A common stock is sold at a price greater than what was paid for it. There is no guarantee that the price of the Class A common stock that will prevail in the market will ever exceed the price that was paid.~~ Provisions in our charter documents or Delaware law, as well as Mr. Zalupski' s beneficial ownership of all of our outstanding Class B common stock, could discourage acquisition bids or merger proposals, which may adversely affect the market price of our Class A common stock. Some provisions of our amended and restated certificate of incorporation and amended and restated bylaws could make it more difficult for a third party to acquire control of us, even if the change of control would be beneficial to our stockholders, including: • providing that the Board of Directors is expressly authorized to determine the size of our Board of Directors; • limiting the ability of our stockholders to call special meetings; • establishing advance notice provisions for stockholder proposals and nominations for elections to the Board of Directors to be acted upon at meetings of stockholders; • providing that the Board of Directors is expressly authorized to adopt, or to alter or repeal, our bylaws; and • establishing advance notice and certain information requirements for nominations for election to our Board of Directors or for proposing matters that can be acted upon by stockholders at stockholder meetings. Mr. Zalupski, through his beneficial ownership of all of our outstanding Class B common stock as of December 31, ~~2022~~ **2023**, controls approximately 85 % of the total combined voting power of our outstanding Class A and Class B common stock, which gives him the ability to prevent a potential takeover of our company. If a change of control or change in management is delayed or prevented, the market price of our Class A common stock could decline. In addition, some of the restrictive covenants contained in our various financing agreements may delay or prevent a change in control. We are a " controlled company " within the meaning of the ~~NYSE~~ **New York Stock Exchange** rules, which allows us to rely on exemptions from certain corporate governance requirements. Mr. Zalupski beneficially owns a majority of our outstanding voting interests. As a result, we are a " controlled company " within the meaning of the **New York Stock Exchange ("** NYSE **")** corporate governance standards. Under the NYSE rules, a company of which more than 50 % of the voting power is held by another person or group of persons acting together is a " controlled company " and may elect not to comply with certain NYSE corporate governance requirements, including the requirements that: • a majority of such company' s board of directors consist of independent directors; • such company have a nominating and governance committee that is composed entirely of independent directors; • such company have a compensation committee that is composed entirely of independent directors; and • such company conduct an annual performance evaluation of the nominating and governance and compensation committees. These requirements will not apply to us as long as we remain a controlled company. Accordingly, the same protections afforded to stockholders of companies that are subject to all of the NYSE corporate governance requirements are not afforded to our Class A common stockholders. The dual class structure of our common stock may adversely affect the trading market for our Class A common stock. **We cannot predict whether our dual class structure, combined with the concentrated control of Mr. Zalupski, will result in a lower or more volatile market price of our Class A common stock, or in adverse publicity or other adverse consequences.** In ~~July 2017~~ **the past, some index providers have announced restrictions on including companies with multiple class share structures in certain of their indices, although in some instances, those restrictions have been reversed. For example, in April 2023**, S & P ~~Dow~~ **Down** Jones Indices ~~and FTSE International Limited~~ announced **that** ~~changes to their eligibility criteria for the inclusion of shares of public companies on certain indices, including the Russell 2000, the S & P 500, the S & P MidCap 400 and the S & P SmallCap 600, to exclude~~ companies with multiple ~~classes of shares~~ - **share** ~~of common~~ **class structures will be considered eligible for certain indices. While other indices have also reversed course on multi- class** stock ~~from being added to these~~ **restrictions and / or bans, we cannot predict whether** indices **will reinstate** ~~. As a result, our~~ - **or** ~~dual class capital structure makes~~ **announce such policies in the future, making** us ineligible for inclusion in **certain** ~~any of these~~ indices ~~, and mutual~~ **. Given the sustained flow of investment** funds **into passive strategies** ~~, exchange- traded funds and other investment vehicles~~ that ~~attempt~~ **seek** to ~~passively~~ track ~~these~~ **certain** indices ~~will not be investing in our stock. Furthermore~~ , **exclusion from certain** ~~we cannot ensure that other~~ stock indices ~~will not take a similar approach to S & P Dow Jones or FTSE Russell in the future. Exclusion from indices could~~ **would likely preclude investment by many of these funds and would** make our Class A common stock less attractive to **other** investors **. As** ~~, and, as~~ a result, the ~~market~~ **trading** price **and volume** of our Class A common stock could be adversely affected. **We have not declared or paid cash dividends on our Class A common stock and we cannot assure that cash dividends will be paid. Consequently, a return may only be achieved on an investment if the price of the Class A common stock appreciates and the Class A common stock is sold at a price greater than what was paid for it. There is no guarantee that the price of the Class A common stock that will prevail in the market will ever exceed the price that was paid. If securities or industry analysts do not publish research or reports about our business, they adversely change their recommendations regarding our Class A common stock or our operating results do not meet their expectations, our stock price could decline. The trading market for our Class A common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if one or more of the analysts who cover our company downgrades our Class A common stock, or if our operating results do not meet their expectations, our stock price could decline. Our share buyback program that was approved by the Board in June 2023 could affect our stock price and increase its volatility, and may reduce the market liquidity for our stock. The share buyback program may also materially impact the Company' s liquidity. Repurchases pursuant to the share buyback program entered into in June 2023, or any other share buyback program we adopt in the future, could affect our stock price and increase its volatility and may reduce the market liquidity for our stock. The existence of a share buyback program could also cause our stock price to be higher than it would be in the absence of such a program. Additionally, these repurchases will diminish our cash and may subject us to additional taxes, which could impact our ability to pursue possible future strategic opportunities and acquisitions and would result in lower overall returns on our cash balances. There can be no assurance that any share repurchases will, in fact, occur, or, if they occur, that they will enhance stockholder value. Although share buyback programs are intended to enhance long- term stockholder value, short- term stock price fluctuations could reduce the effectiveness of these repurchases.** Our Class A and B common stock rank junior to our ~~Convertible~~ **convertible** ~~Preferred~~ **preferred** ~~Stock~~ **stock** with respect to dividends and amounts payable in the event of our liquidation, dissolution or winding- up of our affairs **. On September 29, 2021, we sold 150, 000 shares of convertible preferred stock with an initial liquidation preference of $ 1, 000 per share, for an aggregate purchase price of $ 150 million** . Our Class A and B common stock rank junior to our ~~Convertible~~ **convertible** ~~Preferred~~ **preferred** ~~Stock~~ **stock** , with respect to the payment of dividends and amounts payable in the event of our liquidation, dissolution or winding- up of our affairs. Upon our liquidation, dissolution or winding up, each share of ~~Convertible~~ **convertible** ~~Preferred~~ **preferred** ~~Stock~~ **stock** will be entitled to receive an amount per share equal to the initial liquidation preference of $ 1, 000 per share, subject to adjustment, plus all accrued and unpaid dividends thereon, which dividends accrue at a rate **of** ~~equal to~~ 9 % per annum. No distribution of our assets may be made to holders of our Class A and B common stock until we have paid to holders of our ~~Convertible~~ **convertible** ~~Preferred~~ **preferred** ~~Stock~~ **stock** such liquidation preference. In addition, as a holding company, we are dependent on cash distributions from **Dream Finders Homes Holdings, LLC ("** DFH LLC **")** and, thus, our ability to cover our expenses, all applicable taxes payable and dividends, if any, declared by us depends on DFH LLC' s ability first to satisfy its obligations to its creditors and make distributions to holders of the Series B preferred units of DFH LLC and then to us. Shares of our ~~Convertible~~ **convertible** ~~Preferred~~ **preferred** ~~Stock~~ **stock** are convertible into shares of our Class A common stock in certain circumstances and, upon conversion, will dilute common stock shareholders' percentage of ownership. Subsequent to the fifth anniversary of its issuance (or earlier in the event of **our** non- compliance with a protective covenant), a holder can convert the ~~Convertible~~ **convertible** ~~Preferred~~ **preferred** ~~Stock~~ **stock** into shares of Class A common stock at a conversion price that will be based on the average of the ~~trailing 90 days~~ **last reported sales price of the Company** ' **s** ~~closing price of the~~ Class A common stock **for the ninety trading days immediately preceding but not including the date of the Optional Conversion Notice (as defined in the certificate of designations for the convertible preferred stock)** , less 20 % of the **aforementioned** average (increasing to 25 % in the event of non- compliance with a protective covenant) and subject to a floor conversion price of $ 4. 00. Although we intend to call the shares of ~~Convertible~~ **convertible** ~~Preferred~~ **preferred** ~~Stock~~ **stock** for redemption prior to their conversion, in the event the shares of ~~Convertible~~ **convertible** ~~Preferred~~ **preferred** ~~Stock~~ **stock** are converted into shares of Class A common stock, such issuance will cause substantial dilution to the holders of our common stock. Certain rights of the holders of the ~~Convertible~~ **convertible** ~~Preferred~~ **preferred** ~~Stock~~ **stock** could delay or prevent an otherwise beneficial takeover or takeover attempt of us. Certain rights of the holders of the ~~Convertible~~ **convertible** ~~Preferred~~ **preferred** ~~Stock~~ **stock** could make it more difficult or more expensive for a third party to acquire us. If we undergo a Change of Control (as defined in the certificate of designations for the ~~Convertible~~ **convertible** ~~Preferred~~ **preferred** ~~Stock~~ **stock**), we must redeem all of the shares of ~~Convertible~~ **convertible** ~~Preferred~~ **preferred** ~~Stock~~ **stock** for cash consideration equal to the initial liquidation preference of $ 1, 000 per share, subject to adjustment, plus all accrued and unpaid dividends thereon, plus if the Change of Control occurs before the fourth anniversary of the date of issuance, a premium equal to the dividends that would have accumulated on such share from and after the date of the Change of Control and through the fourth anniversary of the date of issuance of the ~~Convertible~~ **convertible** ~~Preferred~~ **preferred** ~~Stock~~ **stock** ~~. Interest expense on debt we incur may limit our cash available to fund our growth strategies. If our operations do not generate sufficient cash from operations at levels currently anticipated, we may seek additional capital in the form of debt financing. Our current indebtedness includes, and any additional indebtedness we subsequently incur may have, a~~

~~floating rate of interest. Higher interest rates could increase debt service requirements on our current floating rate indebtedness, and on any floating rate indebtedness we subsequently incur, and could reduce funds available for operations, future business opportunities or other purposes. If we need to repay existing indebtedness during periods of rising interest rates, we could be required to refinance our then- existing indebtedness on unfavorable terms or liquidate one or more of our assets to repay such indebtedness at times that 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~~ . 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 in internal controls 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 have had material weaknesses in our internal controls in the past and we cannot be certain that we will be successful in maintaining adequate internal control over our financial reporting and financial processes in the future. 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. General Risk Factors Information system failures, cyber incidents or breaches in security could adversely affect us. We rely on accounting, financial, operational, management and other information systems to conduct our operations. Our information systems are subject to damage or interruption from power outages, computer and telecommunication failures, computer viruses, security breaches, including malware and phishing, cyberattacks, natural disasters, usage errors by our employees and other related risks. Any cyber incident or attack or other disruption or failure in these information systems, or other systems or infrastructure upon which they rely, could adversely affect our ability to conduct our business and could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations. Furthermore, any failure or security breach of information systems or data could result in a violation of applicable privacy and other laws, significant legal and financial exposure, damage to our reputation or a loss of confidence in our security measures, which could harm our business and could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations. Although we have implemented systems and processes intended to secure our information systems, there can be no assurance that our efforts to maintain the security and integrity of our information systems will be effective or that future attempted security breaches or disruptions would not be successful or damaging **. Presently, we employ a limited array of both traditional and generative artificial intelligence (" AI ") solutions for specific sales, administrative, and operational functions, including aiding in the drafting of disclosures subject to management review. It is conceivable that we might integrate further AI solutions into our information systems in the future, potentially assuming a more critical role in our operations over time. The continuous advancement and utilization of technology, encompassing cloud- based computing and AI, introduce possibilities for the inadvertent exposure or misuse of the personal data integral to our business operations, as well as the unintentional disclosure or deliberate destruction of confidential information stored within our systems or those of our third- party providers, via portable media or storage devices. Such occurrences may lead to considerable increases in operational and security expenses, tarnished reputation, regulatory penalties, or expenses related to legal defense. AI programs can incur significant costs and demand substantial expertise for development, pose challenges in setup and management, and necessitate periodic updates. Competitors or other entities may integrate AI into their information systems and business operations more swiftly or effectively than us, potentially impairing our competitive edge and negatively impacting our financial performance. Furthermore, our information technology infrastructure requires sustained allocation of substantial resources for the upkeep, safeguarding, and enhancement of existing systems, as well as for the development of new systems. This ensures our ability to keep abreast of ongoing advancements in information processing technology, evolving legal and regulatory standards, the growing imperative to safeguard employee and customer data, shifts in unauthorized data access methods, and the evolving IT demands tied to our expanding product portfolio. There is no guarantee that our endeavors, encompassing system consolidation, fortification, upgrades, and expansion, along with embedding security into the architecture of our information systems, and the development of new systems to match the pace of technological evolution, including generative AI platforms, will yield the desired outcomes or prevent the emergence of additional system- related challenges in the future** . Our business is subject to complex and evolving U. S. laws and regulations regarding privacy and data protection. As part of our normal business activities, we collect and store certain information, including information specific to homebuyers, customers, employees, vendors and suppliers. We may share some of this information with third parties who assist us with certain aspects of our business. The regulatory environment surrounding data privacy and protection is constantly evolving and can be subject to significant change. Laws and regulations governing data privacy and the unauthorized disclosure of confidential information pose increasingly complex compliance challenges and potentially elevate our costs. Any failure, or perceived failure, by us to comply with applicable data protection laws could result in proceedings or actions against us by governmental entities or others, subject us to significant fines, penalties, judgments and negative publicity, require us to change our business practices, increase the costs and complexity of compliance and adversely affect our business. As noted above, we are also subject to the possibility of cyber incidents or attacks, which themselves may result in a violation of these laws. Additionally, if we acquire a company that has violated or is not in compliance with applicable data protection laws, we may incur significant liabilities and penalties as a result. Increasing attention to environmental, social and governance matters may impact our business, financial results or stock price. In recent years, increasing attention has been given to corporate activities related to ~~environmental, social and governance ("~~ESG ~~")~~ matters in public discourse and **in** the investment community. A number of advocacy groups, both domestically and internationally, have campaigned for governmental and private action to promote change at public companies related to ESG matters, including through the investment and voting practices of investment advisers, public pension funds, universities and other members of the investing community. These activities include increasing attention and demands for action related to climate change and promoting the use of energy saving building materials. A failure to comply with investor or customer expectations and standards, which are evolving, or if we are perceived to not have responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, could also cause reputational harm to our business and could have a material adverse effect on us. In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings systems for evaluating companies on their approach to ESG matters. These ratings are used by some investors to assist in forming their investment and voting decisions. Unfavorable ESG ratings may lead to increased negative investor sentiment toward us and our industry and to the diversion of investment to other industries, which could have a negative impact on our stock price and our access to and costs of capital. Acts of war or terrorism may seriously harm our business. Acts of war, any outbreak or escalation of hostilities between the United States and any foreign power or acts of terrorism may cause disruption to the U. S. economy, or the local economies of the markets in which we operate, cause shortages of building materials, increase costs associated with obtaining building materials, result in building code changes that could increase costs of construction, result in uninsured losses, affect job growth and consumer confidence or cause economic changes that we cannot anticipate, all of which could reduce demand for our homes and adversely impact our business, prospects, liquidity, financial condition and results of operations. Negative publicity could adversely affect our reputation as well as our business, financial results and stock price **. Our business success is dependent upon the reputation of the Dream Finders brand and its association with quality and integrity. If we are unable to maintain the position of our brand, our business may be adversely affected, which could result in lower sales and earnings** . Unfavorable media related to our industry, company, brands, marketing, personnel, operations, business performance or prospects may affect our stock price and the performance of our business, regardless of its accuracy or inaccuracy. The speed at which negative publicity can be disseminated has increased dramatically with the capabilities of electronic communication, including social media outlets, websites, blogs, newsletters and other digital platforms. Our success in maintaining, extending and expanding our brand image depends on our ability to adapt to this rapidly changing media environment. Adverse publicity or negative commentary from any media outlets could damage our reputation and reduce the demand for our homes, which would adversely affect 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 financial reporting are highly complex and involve significant assumptions and judgment. 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 those related to asset impairments, 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 **. Global economic and political instability and conflicts** ~~Access to financing 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~~ **business, financial condition** ~~our~~ - **or** ~~returns~~ **results of operations** . Our access to additional third- party sources...... be required to defer or eliminate important business ~~strategies and growth opportunities in the future. In addition, if there is prolonged volatility and weakness in the capital and credit markets, potential lenders may be unwilling or unable to provide us with financing that is attractive to us or may increase collateral requirements or may charge us prohibitively high fees in order to obtain financing. Consequently, our ability to access the credit market in order to attract financing on reasonable terms may be adversely affected. Investment returns on our assets and our ability to make acquisitions~~ could be adversely affected by **unstable economic and political** ~~our inability to secure additional financing on reasonable terms, if at all. Depending on market~~ conditions ~~at~~ **within** the ~~relevant time~~ **United States and foreign jurisdictions and geopolitical conflicts** , **including the continued conflicts between Israel and Hamas and Ukraine and Russia. While** we **do** ~~may have to rely more heavily on additional equity financings 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~~ **any customer or direct supplier relationships in either country, the current military conflict, and related sanctions, as well as export controls or actions that may be initiated by nations (e. g., potential cyberattacks, 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 ~~equity~~ **events could cause higher interest rates, inflation or general economic uncertainty, which could negatively impact** ~~or~~ **our** ~~debt capital~~ business partners,employees or customers or otherwise adversely impact our business.Our business could be materially and adversely disrupted by an epidemic or pandemic ~~(such as the COVID- 19 pandemic)~~ ,or similar public threat,or fear of such an event,and the measures that federal,state and local governments and other authorities implement to address it.An epidemic,pandemic or similar serious public health issue and the measures undertaken by governmental authorities to address it,could significantly disrupt or prevent us from operating our business in the ordinary course for an extended period,and thereby,along with any associated economic and social **instability or distress,have a material adverse impact** on ~~favorable terms at the desired times, or at all. If securities or industry analysts do not publish research or reports about~~ our business, **prospects, liquidity, financial**

condition and ~~they adversely change their recommendations regarding our Class A common stock or our operating~~ results ~~do not meet~~ **of operations. Global and U. S. agencies declared** ~~their~~ -- **the end** ~~expectations, our stock price could decline. The trading market for our Class A common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more~~ of ~~these~~ -- **the** ~~analysts cease coverage of our company or fail to publish reports~~ **related emergency from the COVID- 19 pandemic in May 2023. This health crisis had far- reaching adverse effects** on ~~us regularly, we could lose visibility in~~ the **global economy,** financial markets, **and various stakeholders including our employees, customers, suppliers, and other business associates. There is no guarantee that a future outbreak of this or any other widespread epidemics or pandemics will not occur, or that the U. S. economy will fully recover, either of** which ~~in turn~~ could ~~cause our stock price~~ **materially and adversely affect** ~~or~~ **our business** ~~trading volume to decline~~ . **Any future government shutdowns** ~~Moreover, if one or more of the analysts who cover our~~ - **or slowdowns may materially adversely affect** ~~company downgrades our Class A common stock, or~~ **our** ~~if~~ **business** ~~our~~ - **or** ~~operating~~ **financial** results **. Any future government shutdowns** ~~do not meet their expectations, our~~ - **or** ~~stock price could decline~~ **slowdowns may materially adversely affect our business or financial results. We can make no assurances that potential home closings affected by any such shutdown or slowdown will occur after the shutdown or slowdown has ended** . Cautionary Statement about Forward- Looking Statements and Risk Factor Summary The information in this Annual Report on Form 10- K includes " forward- looking statements. " Many statements included in this Annual Report on Form 10- K are not statements of historical fact, including statements concerning our expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions. These statements are " forward- looking statements " within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those expressed or implied by these statements. Forward- looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Certain, but not necessarily all, of such forward- looking statements can be identified by the use of forward- looking terminology, such as " anticipate, " " believe, " " continue, " " could, " " estimate, " " expect, " " forecast, " " goal, " " intend, " " may, " " objective, " " plan, " " predict, " " projection, " " should " or " will " or the negative thereof or other comparable terminology. These forward- looking statements include, but are not limited to, statements about: • our market opportunity and the potential growth of that market; • trends with respect to interest rates and cancellation rates; • our strategy, expected outcomes and growth prospects; • trends in our operations, industry and markets; • our future profitability, indebtedness, liquidity, access to capital and financial condition; and • our integration of companies that we have acquired into our operations. We have based these forward- looking statements on our current expectations and assumptions about future events based on information available to our management at the time the statements were made. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. Therefore, we cannot assure you that actual results will not differ materially from those expressed or implied by our forward- looking statements. The following summary risk factors, may cause actual results to differ materially from those expressed or implied in our forward- looking statements: • the negative impact of an increase in cancellation rates affecting our closing, backlog and sales revenues as a result of rising interest rates and inflationary pressures; • a continued shortage of building materials or labor, or continued increases in costs that delay or increase the cost of home construction; • the impact from global economic and political instability and conflicts ~~, such as the conflict between Russia and Ukraine,~~ could adversely affect our business, financial condition or results of operations; • a slowdown in the homebuilding industry or changes in population growth rates in our markets; • volatility and uncertainty in the credit markets and broader financial markets; • our future operating results and financial condition; • adverse effects of major epidemics or pandemics, such as COVID- 19, on the economy, our business, financial condition and results of operations; • the success of our operations in new markets and our ability to expand into additional new markets; • our ability to continue to leverage our asset- light and capital- efficient lot acquisition strategy; • our ability to develop our projects successfully or within expected timeframes; • our ability to identify potential acquisition targets and close such acquisitions; • our ability to successfully integrate acquired businesses with our existing operations; • availability of land to acquire and our ability to acquire such land on favorable terms, or at all; • availability, terms and deployment of capital and ability to meet our ongoing liquidity needs; • restrictions in our debt agreements that limit our flexibility in operating our business; • disruption in the terms or availability of mortgage financing or an increase in the number of foreclosures in our markets; • decline in the market value of our inventory or controlled lot positions; • shortages of, or increased prices for, labor, land or raw materials used in land development and housing construction, including due to changes in trade policies; • delays in land development or home construction resulting from natural disasters, adverse weather conditions or other events outside our control; • uninsured losses in excess of insurance limits; • the cost and availability of insurance and surety bonds; • changes in liabilities under, or the failure or inability to comply with, governmental laws and regulations, including environmental laws and regulations; • the timing of receipt of regulatory approvals and the opening of projects; • the degree and nature of our competition; • decline in the financial performance of our interests, our lack of sole decision- making authority thereof and maintenance of relationships with our partners; • negative publicity or poor relations with the residents of our projects; • existing and future warranty and liability claims; • existing and future litigation, arbitration or other claims; • availability of qualified personnel and third- party contractors and subcontractors; • information system failures, cyber incidents or breaches in security; • our ability to retain our key personnel; • our ability to maintain an effective system of internal control and produce timely and accurate financial statements or comply with applicable regulations; • our leverage and future debt service obligations; • the impact on our business of any future government shutdown; • the impact on our business of acts of war or terrorism; • other risks and uncertainties inherent in our business; and • other factors we discuss under the section entitled " Risk Factors. " We caution you that these forward- looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond our control, incident to the operation of our business. These risks include, but are not limited to, the risks described under “ Risk Factors ” in this Annual Report on Form 10- K. Should one or more of the risks or uncertainties described in this Annual Report on Form 10- K occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward- looking statements. All forward- looking statements, expressed or implied, included in this Annual Report on Form 10- K are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward- looking statements that we or persons acting on our behalf may issue. Except as otherwise required by applicable law, we disclaim any duty to update any forward- looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this Annual Report on Form 10- K.