

Risk Factors Comparison 2025-02-26 to 2024-02-29 Form: 10-K

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Set forth below are the risks that we believe are material to our investors. Any of these risks could significantly and adversely affect our business, financial condition and results of operations. You should carefully consider the risks described below, together with the other information included in this Annual Report on Form 10-K, including the information contained under the caption “Forward- Looking Statements”. Risks Related to ~~our~~ **Our** Business and Industry The homebuilding industry is cyclical. A severe downturn in the industry could adversely affect our business, results of operations and stockholders’ equity. The residential homebuilding industry is cyclical and is highly sensitive to changes in general economic conditions such as levels of employment, consumer confidence and income, availability of financing for acquisitions, construction and permanent mortgages, interest rate levels, inflation and demand for housing. The U. S. housing market could be negatively impacted by declining consumer confidence, restrictive mortgage standards and large supplies of foreclosures, resales and new homes, among other factors. These conditions, combined with a prolonged economic downturn, high unemployment levels, increases in the rate of inflation and uncertainty in the U. S. economy, could contribute to higher cancellation rates, decreased demand for housing, increased market inventory of new homes, reduced sales prices and increased pricing pressure. Lower demand for our homes, combined with lower sales prices or the offering of other incentives or concessions would also have an adverse impact on our margins. If demand for housing stalls or declines, we could experience declines in the market value of our inventory and demand for our lots, homes, and construction loans, which could have a material adverse effect on our business, liquidity, financial condition and results of operations. Our operating performance is subject to risks associated with the real estate industry. Real estate investments are susceptible to various risks, fluctuations and cycles in value and demand, many of which are beyond our control. Certain events may decrease cash available for operations and the value of our real estate assets. These events include, but are not limited to: • adverse changes in international, national or local economic and demographic conditions; • adverse changes in financial conditions of buyers and sellers of properties, particularly residential homes and land suitable for development of residential homes; • competition from other real estate investors with significant capital, including other real estate operating companies and developers and institutional investment funds; • fluctuations in interest rates, which could adversely affect the ability of homebuyers to obtain financing on favorable terms or their willingness to obtain financing at all; • unanticipated increases in expenses, including, without limitation, insurance costs, development costs, real estate assessments and other taxes and costs of compliance with laws, regulations and governmental policies; and • changes in enforcement of laws, regulations and governmental policies, including, without limitation, health, safety, environmental, zoning and tax laws. Adverse changes in macroeconomic conditions in and around the markets we operate in, and where prospective purchasers of our homes live, could reduce the demand and adversely affect our business, results of operations, and financial condition. Adverse changes in economic conditions in markets where we conduct our operations and where prospective purchasers of our homes live have had and may in the future have a negative impact on our business. Adverse changes in employment and median income levels, job growth, consumer confidence, interest rates, perceptions regarding the strength of the housing market, and population growth, or an oversupply of homes for sale may reduce demand or depress prices for our homes and cause home buyers to cancel their agreements to purchase our homes. This, in turn, could adversely affect our results of operations and financial condition. In addition, periods of economic slowdown or recession, rising or high interest rates or declining demand for real estate, or the public perception that any of these events may occur, could result in a general decline in the purchases of homes or an increased incidence of home order cancellations. If we cannot successfully implement our business strategy, our business, liquidity, financial condition and results of operations will be adversely affected. Our business and financial results could be adversely affected by significant inflation or deflation. Inflation can adversely affect our homebuilding operations by increasing costs of land, financing, materials, labor and construction. While we attempt to pass on cost increases to homebuyers by increasing prices, we may not be able to offset cost increases with higher selling prices in a weak housing market. In addition, significant inflation is often accompanied by higher interest rates, which have a negative impact on housing demand. In a highly inflationary environment, depending on industry and other economic conditions, we may be precluded from raising home prices enough to keep up with the rate of inflation or may have to discount prices that could reduce our profit margins. Moreover, with inflation, the costs of capital increase and the purchasing power of our cash resources could decline. The current and continued economic conditions of high inflation and high interest rates, especially increased mortgage rates, could lead to a decrease in demand for new homes. Current or future efforts by the government to stimulate the economy may increase the risk of significant inflation and its adverse impact on our business ~~or~~ **and** financial results. Alternatively, a significant period of deflation could cause a decrease in overall spending and borrowing levels. This could lead to a deterioration in economic conditions, including an increase in the rate of unemployment. Deflation could cause the value of our inventory to decline or reduce the value of existing homes below the related mortgage loan balance, which could potentially increase the supply of existing homes and have a negative impact on our results of operations. We depend on the availability and satisfactory performance of subcontractors. Our business could be negatively affected if our subcontractors are not able to perform. We conduct our land development and homebuilding operations primarily as a general contractor. Our unaffiliated third- party subcontractors perform virtually all of our land development and constructions. Consequently, the timing and quality of the development of our land and the construction of our homes depends on the availability and skill of our subcontractors. There may not be sufficient availability of and satisfactory performance by these unaffiliated third- party subcontractors in the markets in which we operate. If there are inadequate subcontractor resources, our ability to meet customer

demands, both timing and quality, could be adversely affected, which could have a material adverse effect on our reputation, our future growth and our profitability. Labor and raw material shortages and price fluctuations could delay or increase the cost of land development and home construction, which could materially and adversely affect our business. The residential construction industry experiences labor and raw material shortages from time to time, including shortages in qualified tradespeople and in supplies such as insulation, drywall, cement, steel and lumber. These labor and raw material shortages can be more severe during periods of strong demand for housing or when a region in which we operate experiences a natural disaster that has a significant impact on existing residential and commercial structures. Significant increases in the demand for new homes result in extended lead times, supply shortages and price increases because of the heightened demand for raw materials, products and appliances. For example, we have previously, and may in the future experience price increases, shortages and extensions to our lead time for the delivery of materials such as lumber, appliances and windows. This has and may continue to result in longer construction periods, delays in home closings and margin compression if we are unable to increase our sales prices accordingly. The cost of labor and raw materials may also be adversely affected during periods of shortage or high inflation. Shortages and price increases could cause delays in, and increase our costs of, land development and home construction, which we may not be able to offset by raising home prices due to market demand and because the price for each home is typically set prior to its delivery pursuant to the agreement of sale with the homebuyer. In addition, the federal government has at various times in recent years imposed tariffs on a variety of imports from foreign countries and may impose additional tariffs in the future. Significant tariffs or other restrictions that are placed on raw materials that we use in our homebuilding operation, such as lumber or steel, could cause the cost of home construction to increase, which we may not be able to offset by raising home prices or which could slow our absorption due to constraints on market demand. **Additionally, changes in immigration laws and / or their enforcement could result in tighter overall labor conditions and a shortage of labor.** As a result, shortages or increased costs of labor and raw materials could have a material adverse effect on our business, prospects, financial condition and results of operations. **Potential tariffs, if enacted into law, could adversely affect our business and financial results, especially since we may not be able to raise home prices sufficiently to offset increased prices caused by any such tariffs. The incoming Trump administration has proposed the implementation of a number of tariffs, including a 25 % tariff on imports from Canada and other countries, which could, if enacted into law, likely significantly increase the cost of lumber in the U. S. As noted above with respect to the impact of inflation, while we attempt to pass along price increases to our consumers to help offset price increases we incur, we may not be able to continue to do so, thereby adversely impacting our margins as a result of any tariffs imposed on our** operations. Failure to recruit, retain and develop highly skilled, competent employees may have a material adverse effect on our business and results of operations. Our success depends on the continued performance of key employees, including management team members at both the corporate and homebuilder subsidiary levels. Our results of operations could suffer if any of the management team members decided to terminate their employment with us. Our ability to retain our management team 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 team members or a limitation in their availability could materially and adversely impact our business, liquidity, financial condition and results of operations. Such a loss could also be negatively perceived in the capital markets. We do not maintain key person insurance with respect to any member of our named executive officers. Furthermore, key employees working in the land development, homebuilding and construction industries are highly sought after. Experienced employees in the homebuilding, land acquisition, 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. Failure to attract and retain such personnel or to ensure that their experience and knowledge is retained by the company when they leave the business through retirement, redundancy or otherwise may adversely affect the standards of our service and may have an adverse impact on our business, financial conditions and results of operations. We may be unable to achieve our objectives because of our inability to execute on our business strategies. Our business objectives include expanding into new markets and becoming a more capital and operationally efficient home builder. We cannot guarantee that our strategies to meet these objectives will be successful or that they will result in growth and increased earnings or returns within our desired time frame. We cannot guarantee that we will achieve positive operational or financial results in the future or results that are equal to or better than those attained in the past. We also cannot provide any assurance that we will be able to maintain our strategies in the future. Due to unexpectedly favorable or unfavorable market conditions or other factors, we may determine that we need to adjust, refine or abandon all or portions of our strategies, and any related initiatives or actions. We cannot guarantee that any such adjustments will be successful. The failure of any one or more of our present strategies, or any related initiatives or actions, or the failure of any adjustments that we may pursue or implement, could have an adverse effect on our ability to increase the value and profitability of our business, our ability to operate our business in the ordinary course, our overall liquidity, and our consolidated financial statements. The effect in each case could be material. Our long- term success depends on our ability to acquire undeveloped land, partially finished developed lots and finished lots suitable for residential homebuilding at reasonable prices and in accordance with our land investment criteria. The homebuilding industry is highly competitive for suitable land and the risk inherent in purchasing and developing land is directly impacted by changes in consumer demand for housing. The availability of finished and partially finished developed lots and undeveloped land for purchase that meet our investment criteria depends on a number of factors outside our control, including land availability, competition with other homebuilders and land buyers, inflation in land prices, zoning, allowable housing density, the ability to obtain building permits and other regulatory requirements. Should suitable land or lots become more difficult to locate or obtain, the number of lots we may be able to develop and sell could decrease, the number of homes we may be able to build and sell could decrease and the cost of land could increase substantially, which could adversely impact our results of operations. As competition for suitable land increases, the cost of acquiring both finished and undeveloped lots and the cost of developing owned land could rise and the availability of

suitable land at acceptable prices may decline, which could adversely impact our financial results. The availability of suitable land assets could also affect the success of our land acquisition strategy, which may impact our ability to maintain or increase the number of active selling communities, grow our revenues and margins, and to achieve or maintain profitability. Our results of operations could be adversely affected if we are unable to develop communities successfully or within expected timeframes. Before a community generates any revenue, time and material expenditures are required to acquire and develop land, entitle and finish lots, obtain development approvals, pay taxes and construct significant portions of project infrastructure, amenities, model homes and sales facilities. It can take several years from the time that we acquire control of a property to the time that we make our first home sale on the site. Delays in the development of communities expose us to the risk of changes in market conditions for homes. A decline in our ability to develop and market our 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 meet our working capital requirements. Real estate investments are relatively illiquid. As a result, our ability to promptly sell one or more properties in response to changing economic, financial and investment conditions may be limited, and we may be forced to hold non-income producing assets for an extended period of time. We cannot predict whether we will be able to sell any property for the price or on the terms that we set or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of a property. Our future growth may include additional strategic investments, joint ventures, partnerships and / or acquisitions of companies that may not be as successful as we anticipate and could disrupt our ongoing businesses and adversely affect our operations. Our investments in our homebuilding subsidiaries have contributed to our historical growth and similar investments may be a component of our growth strategy in the future. We may make additional strategic investments, enter into new joint ventures or partnership arrangements or acquire businesses, or initiate new, related business opportunities, some of which may be significant. These endeavors may involve significant risks and uncertainties, including distraction of management from current operations, significant start-up costs, insufficient revenues to offset expenses associated with these new investments and inadequate return on capital in these investments, any of which may adversely affect our financial condition and results of operations. Our failure to successfully identify and manage future investments, joint ventures, partnerships or acquisitions could harm our results of operations. Our geographic concentration could materially and adversely affect us if the homebuilding industry in our current markets decline. **In the DFW metropolitan area, our operations are typically concentrated in only four core markets and, outside of DFW metropolitan, our operations are typically concentrated in a limited number of counties** communities within of Dallas, Collin, Denton, Ellis, Rockwall, Tarrant, Kaufman, Hunt, and Johnson. In Austin, we primarily operate in the **those markets** counties of Bastrop and Travis. In Atlanta, we primarily operate in the counties of Fulton, Gwinnett, Forsyth, and Cherokee. In Florida, we primarily operate in the counties of Indian River and St. Lucie. We may not realize our favorable growth outlook if housing demand and population growth stagnate or decrease in our core markets. Furthermore, we may be unable to compete effectively with the resale home market in our core markets. Because our operations are concentrated in these areas, a prolonged economic downturn in one or more of these areas could have a material adverse effect on our business, liquidity, financial condition and results of operations, and a disproportionately greater impact on us than other homebuilders with more diversified operations. Further, slower rates of population growth or population declines in the DFW, Austin, **Houston**, Atlanta or Treasure Coast markets, especially as compared to the high population growth rates in prior years, could affect the demand for housing, causing home prices in these markets to decline and adversely affect our business, financial condition and results of operations. **Our developments are subject to government..... that it affects demand for those homes**. Our financial condition and results of operations may be adversely affected by a decrease in the value of our land or homes and the associated carrying costs. We continuously acquire land for replacement of land inventory and expansion within our current markets and may in the future acquire land for expansion into new markets. However, the market value of land, building lots and housing inventories can fluctuate significantly due to changing market conditions. The measures we employ to manage inventory risk may not be adequate to insulate our operations from a severe drop in inventory values. If housing demand decreases below what we anticipated when we acquired our inventory, we may not be able to generate profits consistent with those we have generated in the past and we may not be able to recover our costs when we sell lots and homes. When market conditions are such that land values are not appreciating, option arrangements previously entered into may become less desirable, at which time we may elect to forgo deposits and pre-acquisition costs and terminate such arrangements. During adverse market conditions, we may have substantially higher inventory carrying costs, may have to write down our inventory as a result of impairment and / or may have to sell land or homes at a loss. Any material write-downs of assets, or sales at a loss, could have a material adverse effect on our financial condition and results of operations. Demand for our homes and lots is dependent on the cost and availability of mortgage financing. Our business depends on the ability of our homebuyers, as well as the ability of those who buy homes from the third-party homebuilding entities to which we sell lots (our "homebuilding customers"), to obtain financing for the purchase of their homes. Many of these homebuyers must sell their existing homes in order to buy a home from us or our homebuilding customers. Increased interest rates, decreased availability of mortgage financing or of certain mortgage programs, higher down payment requirements or increased monthly mortgage costs may lead to reduced demand for our homes and lots. Higher interest rates can also hinder our ability to realize our backlog because certain of our home purchase contracts provide homebuyers with a financing contingency. Financing contingencies allow homebuyers to cancel their home purchase contracts in the event that they cannot arrange for adequate financing within a certain time period after the execution of the home purchase contracts. As a result, higher interest rates can decrease our home sales and mortgage originations. Any of these factors could have a material adverse effect on our business, liquidity, financial condition and results of operations. In addition, the federal government has a significant role in supporting mortgage lending through its conservatorship of Federal National Mortgage Association ("Fannie Mae") and Federal Home Loan Mortgage Corporation ("Freddie Mac"), both of which purchase home mortgages and mortgage-backed securities originated by

mortgage lenders, and its insurance of mortgages originated by lenders through the Federal Housing Administration (the “FHA”) and the Veterans Administration (“VA”). The availability and affordability of mortgage loans, including consumer interest rates for such loans, could be adversely affected by a curtailment or cessation of the federal government’s mortgage- related programs or policies. The FHA may continue to impose stricter loan qualification standards, raise minimum down payment requirements, impose higher mortgage insurance premiums and other costs and / or limit the number of mortgages it insures. Due to growing federal budget deficits, the U. S. Treasury may not be able to continue supporting the mortgage- related activities of Fannie Mae, Freddie Mac, the FHA and the VA at present levels, or it may significantly revise the federal government’s participation in and support of the residential mortgage market. Because the availability of Fannie Mae, Freddie Mac, FHA- and VA- backed mortgage financing is an important factor in marketing and selling many of our homes, any limitations, restrictions or changes in the availability of such government- backed financing could reduce our home sales, which could have a material adverse effect on our business, liquidity, financial condition and results of operations. High cancellation rates may negatively impact our business. Our backlog reflects the number and value of homes for which we have entered into sales contracts with homebuyers but not yet delivered. Although these sales contracts require a cash deposit, a homebuyer may in certain circumstances cancel the contract and receive a complete or partial refund of the deposit in certain circumstances, including due to state or local laws and our contract provisions. If home prices decline, the national or local homebuilding environment or general economy weakens, our neighboring competitors reduce their sales prices (or increase their sales incentives), interest rates increase or the availability of mortgage financing tightens, homebuyers may have an incentive to cancel their contracts with us, even where they might be entitled to no refund or only a partial refund. Significant cancellations could have a material adverse effect on our business as a result of lost sales revenue and the accumulation of unsold housing inventory. ~~Any increase in unemployment or underemployment may lead to an increase in the number of loan delinquencies and property repossessions, which would have an adverse impact on our business. People who are unemployed, underemployed, who have left the labor force or are concerned about the loss of their jobs are less likely to purchase new homes. They may also be forced to sell their homes as they face difficulties in making required mortgage payments. Therefore, any increase in unemployment or underemployment may lead to an increase in the number of loan delinquencies and property repossessions. Such a condition could have an adverse impact on our business both by reducing demand for our homes, lots and construction loans and by increasing the supply of homes for sale.~~ Our results of operations could be adversely impacted by negative events at, or performance of, our partially owned controlled builders. We participate in the homebuilding business, in part, through non- wholly owned subsidiaries, which we refer to as our “controlled builders.” We exercise control over the operations of each controlled builder. We have entered into arrangements with these controlled builders in order to take advantage of their local knowledge and relationships, acquire attractive land positions and brand images, manage our risk profile and leverage our capital base. Even though the co- investors in our controlled builders are subject to certain non- competition provisions, the viability of our participation in the homebuilding business depends on our ability to maintain good relationships with our controlled builders. The effectiveness of our management, the value of our expertise and the rapport we maintain with our controlled builders are important factors for prospective new builders that may be considering doing business with us and may affect our ability to attract homebuyers, subcontractors, employees or others upon whom our business and results of operations ultimately depend. Further, our relationships with our controlled builders generate additional business opportunities that support our growth. If we are unable to maintain good relationships with our controlled builders, we may be unable to fully take advantage of existing agreements, expand our relationships with these controlled builders or capitalize on future opportunities with additional builders. In Atlanta, we sell lots to one of our controlled builders for its homebuilding operations and provide it loans to finance home construction. If our controlled builder fails to successfully execute its business strategies for any reason, it may be unable to purchase lots from us, repay outstanding construction finance loans made by us or borrow from us in the future, any of which could negatively impact our business, financial condition and results of operations. Increases in the after- tax costs of owning a home could reduce demand for our homes and lots. On December 22, 2017, the U. S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the “Tax Act”). The Tax Act made major changes to the Internal Revenue Code that, in part, affect the after- tax cost of owning a home. Specifically, the Tax Act limited the ability of homebuyers to deduct (i) property taxes, (ii) mortgage interest, and (iii) state and local income taxes. The annual deduction for real estate taxes and state and local income taxes (or sales taxes in lieu of income taxes) is now generally limited to \$ 10, 000. These changes increased the after- tax cost of owning a new home for many of our potential homebuyers and the potential homebuyers of our homebuilding customers. If the federal government or a state government further changes its income tax laws to further eliminate or substantially limit these income tax deductions, the after- tax cost of owning a new home would further increase for many of our potential customers. At the same time, favorable tax law changes will not necessarily increase demand or allow for higher selling prices. The loss or reduction of homeowner tax deductions that have historically been available has reduced and could further reduce the perceived affordability of homeownership, and therefore the demand for and sales price of new homes, including ours. In addition, increases in property tax rates or fees on developers by local governmental authorities, as experienced in response to reduced federal and state funding or to fund local initiatives, such as funding schools or road improvements, or increases in insurance premiums can adversely affect the ability of potential customers to obtain financing or their desire to purchase new homes, and can have an adverse impact on our business and financial results. Severe weather conditions, natural disasters, acts of war or terrorism could increase our operating expenses and reduce our revenues and cash flows. The climates and geology of the states in which we operate present increased risks of severe weather conditions and natural disasters. The occurrence of severe weather conditions or natural disasters can delay new home deliveries and lot development, reduce the availability of materials and / or negatively impact the demand for new homes in affected areas. Additionally, to the extent that hurricanes, severe storms, earthquakes, tornadoes, droughts, floods, hail, wildfires or other natural disasters or similar events occur, our homes under construction or our lots under development could be

damaged or destroyed, which may result in losses exceeding our insurance coverage. **In addition, adverse weather events could prompt governmental authorities to adopt more stringent building codes, which would likely increase construction and development costs in affected areas and negatively impact home affordability and / or demand.** Any of these events could increase our operating expenses, impair our cash flows and reduce our revenues. To the extent that climate change increases the frequency and severity of weather- related disasters, we may experience increasing negative weather- related impacts to our operations in the future. Further, acts of war, any outbreak or escalation of hostilities between the United States and any foreign power or acts of terrorism may cause disruptions 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, affect job growth and consumer confidence or cause economic changes that we cannot anticipate, all of which could reduce demand for our lots, homes and construction loans and adversely impact our business and results of operations. We may not be able to compete effectively against competitors in the homebuilding, land development and financial services industries. Competition in the land development and homebuilding industries in our markets is intense, and there are relatively low barriers to entry. Land developers and homebuilders compete for, among other things, homebuyers, desirable land parcels, financing, raw materials and skilled labor. Increased competition could hurt our business, as it could prevent us from acquiring attractive land parcels for development and resale or homebuilding (or make such acquisitions more expensive), hinder our market share expansion and lead to pricing pressures that adversely impact our margins and revenues. Our business, liquidity, financial condition and results of operations could be materially and adversely affected if we are unable to compete successfully. Our competitors may independently develop land and construct housing units that are superior or substantially similar to our products. Furthermore, a number of our primary competitors are significantly larger, have a longer operating history and may have greater resources or lower cost of capital than us. Accordingly, competitors may be able to compete more effectively in one or more of the markets in which we operate. Many of these competitors also have longstanding relationships with subcontractors, suppliers, and developers in the markets in which we operate. Our homebuilding business also competes for sales with resales of existing homes and with available rental housing. Our capital resources and liquidity could be adversely affected if we are required to repurchase or sell a substantial portion of the equity interest in our controlled homebuilding subsidiaries. The operating agreements governing our partially owned controlled builders contain buy- sell provisions that may be triggered in certain circumstances. In the event that a buy- sell event occurs, our builder will have the right to initiate a buy- sell process, which may happen at an inconvenient time for us. In the event the buy- sell provisions are exercised at a time when we lack sufficient capital to purchase the remaining equity interest, we may elect to sell our equity interest in the entity. If a buy- sell provision is exercised and we elect to purchase the interest in an entity that we do not already own, we may be obligated to expend significant capital in order to complete and integrate such an acquisition, which may result in our being unable to pursue other investments or opportunities. If either of these events occurs, our revenue and net income could decline or we may not have sufficient capital necessary to implement our growth strategy. **We are subject to environmental laws..... such parties in connection with the contamination.** Poor relations with the residents of our communities, or with local real estate agents, could negatively impact our home 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 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 community development plans, which could adversely affect our results of operations. Most of our potential homebuyers engage local real estate agents who are unaffiliated with us in connection with their search for a new home. If we do not maintain good relations with, and a good reputation among, these real estate agents, the agents may not encourage potential homebuyers to consider, or may actively discourage homebuyers from considering, our communities, which could adversely affect our results of operations. Information technology failures and data security breaches could harm our business. We rely on information technology systems and other computer resources to carry out operational and marketing activities, as well as to maintain our business records. As part of our normal business activities, we may collect and store certain confidential information, including information about employees, homebuyers, customers, vendors and suppliers and may share information with vendors who assist us with certain aspects of our business. Many of these resources are provided to us and / or maintained on our behalf by third- party service providers pursuant to agreements that specify certain security and service level standards. Our ability to conduct our business may be impaired if these resources are compromised, degraded, damaged or fail, whether due to a virus or other harmful circumstance, intentional penetration or disruption of our information technology resources by a third- party, social engineering attempts, natural disaster, hardware or software corruption or failure or error (including a failure of security controls incorporated into or applied to such hardware or software), telecommunications system failure, service provider error or failure, intentional or unintentional personnel actions (including the failure to follow our security protocols) or lost connectivity to networked resources. There has been an increase in cyber- attacks in recent years. Breaches of our data security systems, including by cyber- attacks, could result in the unintended public disclosure or the misappropriation of our proprietary information or personal and confidential information, about our employees, consumers who view our homes, homebuyers or our business partners, which could require us to incur significant expense to address and resolve such issues. The release of confidential information may also lead to identity theft and related fraud, litigation or other proceedings against us by affected individuals, business partners and / or regulators, and the outcome of such proceedings, which could include penalties or fines, and any significant disruption of our business could have a material and adverse effect on our reputation resulting in the loss of customers, sales and revenue. **It is conceivable that we might integrate artificial intelligence (“ AI ”) solutions into our information systems in the future, potentially assuming a more critical role in our operations over time. 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

Data protection and privacy laws continue to evolve and become more complex in various U. S. federal and state jurisdictions. Such regulatory changes, variations in requirements across jurisdictions and ongoing discussions about a national privacy laws could present compliance challenges. The costs of complying with such changes could adversely affect our business. We maintain insurance coverage for potential breaches but the costs to remedy a breach may not be fully covered by our insurance. We provide employee awareness training of cybersecurity threats and utilize information technology security experts to assist us in our evaluations of the effectiveness of the security of our information technology systems, and we regularly enhance our security measures to protect our systems and data. We use various encryption, tokenization and authentication technologies to mitigate cybersecurity risks and have increased our monitoring capabilities to enhance early detection and rapid response to potential cyber threats. While we have not had a significant cybersecurity breach or attack that had a material impact on our business or operations, there can be no assurance that our efforts to maintain the security and integrity of our information technology systems will be effective or that attempted breaches would not be successful in the future. Product liability and warranty claims and litigation that arise in the ordinary course of business may be costly, which could adversely affect our business. As a homebuilder, we are subject to construction defect and home warranty claims arising in the ordinary course of business. These claims are common in the homebuilding industry and can be costly and once claims are asserted, it can be difficult to determine the extent to which the assertion will expand in number or geographically. In addition, the costs of insuring against construction defect and product liability claims are high. This coverage may be restricted and become more costly in the future. If the limits or coverages of our current and former insurance programs prove inadequate, or we are not able to obtain adequate or reasonably priced insurance against these types of claims in the future, or the amounts currently provided for future warranty or insurance claims are inadequate, we may experience losses that could negatively impact our financial results. We self-insure some of our risks through a wholly-owned insurance subsidiary. We record expenses and liabilities based on the estimated costs required to cover our self-insured liability. These estimated costs are based on an analysis of our historical claims and industry data and include an estimate of claims incurred but not yet reported. The projection of losses related to these liabilities requires actuarial assumptions that are subject to variability due to uncertainties regarding construction defect claims relative to our markets and the types of products we build, insurance industry practices, and legal or regulatory actions and / or interpretations, among other factors. Our quarterly results of operations may fluctuate because our business is seasonal in nature. The homebuilding industry experiences seasonal fluctuations in quarterly results of operations and capital requirements. We typically experience the highest new home order activity in spring and summer, although this activity is also highly dependent on the number of active selling communities, timing of new community openings and other market factors. Since it typically takes four to nine months to construct a new home, we deliver more homes in the second half of the year as spring and summer home orders convert to home deliveries. Because of this seasonality, home starts, construction costs and related cash outflows have historically been highest in the second and third quarters, and the majority of cash receipts from home deliveries occurs during the second half of the year. We expect this seasonal pattern to continue over the long-term, although we may also be affected by volatility in the homebuilding industry. Additionally, weather-related problems may occur, delaying starts or closings or increasing costs and reducing profitability. Delays in opening new communities or new sections of existing communities could have an adverse impact on home sales and revenues. Expenses are not incurred and recognized evenly throughout the year. Because of these factors, our quarterly results of operations may be uneven and may be marked by lower revenues and earnings in some quarters compared with others. Shortages or extreme fluctuations in the availability of natural resources and utilities could have an adverse effect on our operations. The markets in which we operate may in the future be subject to utility or other resource shortages, including significant changes to the availability of electricity and water. Shortages of natural resources in our markets, particularly shortages of water, may make it more difficult for us to obtain regulatory approval for new developments. We may experience material fluctuations in utility and resource costs across our markets, and we may incur additional costs and may not be able to complete construction on a timely basis if such fluctuations arise. Furthermore, these shortages and interest rate fluctuations may adversely affect the regional economies in which we operate, which may reduce demand for our homes, lots and construction loans, and negatively affect our business and results of operations. We may suffer uninsured losses or suffer material losses in excess of insurance limits. We could suffer physical damage to property or incur liabilities resulting in losses that may not be fully recoverable by insurance. In addition, certain types of risks, such as personal injury claims, may be, or may become in the future, either uninsurable or not economically insurable, or may not be currently or in the future covered by our insurance policies or otherwise be subject to significant deductibles or limits. Should an uninsured loss or a loss in excess of insured limits occur or be subject to deductibles, we could sustain financial loss or lose capital invested in the affected property as well as anticipated future income from that property. In addition, we could be liable to repair damage or address liabilities caused by risks that are uninsured or subject to deductibles. We may be liable for any debt or other financial obligations related to an affected property. Material losses or liabilities in excess of insurance proceeds may occur in the future. Negative publicity could adversely affect our reputation and business. Our success also depends on our reputation and our brand image. Any unfavorable media coverage related to our industry, brand, personnel or operations may adversely affect our stock price and the performance of our business, regardless of its accuracy or inaccuracy. Negative publicity spreads quickly through the use of electronic communications, including social media outlets, websites, “ tweets ”, blogs and other digital platforms. Our success in maintaining and expanding our brand image depends on our ability to adapt to this rapidly changing media environment. Negative 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. A major health and safety incident relating to our business could be costly in terms of potential liabilities and reputational damage. Building sites are inherently dangerous and operating in the land development and homebuilding

industries poses certain inherent health and safety risks. Our health and safety performance is critical to the success of our business. Any failure in health and safety performance may result in penalties for non-compliance with relevant regulatory requirements, and a failure that results in a major or significant health and safety incident is likely to be costly in terms of potential liabilities incurred as a result. Such a failure could generate significant negative publicity and have a corresponding impact on our reputation, our relationships with relevant regulatory agencies or governmental authorities and our ability to attract employees, subcontractors and homebuyers, which in turn could have a material adverse effect on our business, financial condition and results of operations. Additionally, we are subject to laws and regulations related to workers' health and safety, and there are efforts to subject homebuilders to other labor related laws or rules, some of which may make us responsible for things done by our subcontractors over which we have little or no control. Our business and financial results could be adversely affected by the failure of persons who act on our behalf to comply with applicable regulations and guidelines. Although we expect all of our employees, officers and directors to comply at all times with all applicable laws, rules and regulations, there may be instances in which subcontractors or others through whom we do business engage in practices that do not comply with applicable regulations or guidelines. Should we learn of practices that do not comply with applicable regulations or guidelines relating to homes we build, lots we develop or financing we provide, we would move actively to stop the non-complying practices as soon as possible and would take disciplinary action with regard to employees who were aware of the practices and did not take steps to address them, including terminating their employment when necessary. However, regardless of the steps we take after we learn of practices that do not comply with applicable regulations or guidelines, we can in some instances be subject to fines or other governmental penalties, and our reputation can be injured due to the occurrence of such practices. Products supplied to us and work done by subcontractors can expose us to risks that could adversely affect our business. We rely on subcontractors to perform the actual construction of our homes, and, in some cases, to select and obtain building materials. Despite our detailed specifications and quality control procedures, subcontractors may use improper construction processes or defective materials in some cases. Defective products widely used by the homebuilding industry can require extensive repairs to large numbers of homes. The cost of complying with our warranty obligations may be significant if we are unable to recover the cost of repairs from subcontractors, materials suppliers and insurers. We are subject to environmental laws and regulations, which may increase our costs, limit the areas in which we can build homes and develop land and delay completion of our projects. We are subject to several local, state, federal and other statutes, ordinances, rules and regulations concerning the environment. The particular environmental laws that apply to any given homebuilding or development site vary according to multiple factors, including the site location, environmental conditions and the present and former uses of the site and adjoining properties. Environmental laws and conditions may result in delays, may cause us to incur substantial compliance and other costs and can prohibit or severely restrict homebuilding and land development activity in environmentally sensitive regions or areas. In addition, when an endangered or threatened species is involved, environmental rules and regulations can result in the restriction or elimination of development in identified environmentally sensitive areas. From time to time, the United States Environmental Protection Agency and similar federal or state agencies review homebuilders' compliance with environmental laws and may levy fines and penalties for failure to comply strictly with applicable environmental laws or impose additional requirements for future compliance because of past failures. Any such actions taken with respect to our business may increase our costs. Environmental regulations can also have an adverse impact on the availability and price of certain raw materials, such as lumber. Further, we expect that increasingly stringent requirements will be imposed on homebuilders and land developers in the future. Under various environmental laws, current or former owners of real estate may be required to investigate and clean up hazardous or toxic substances and may be held liable to a governmental entity or to third parties for related damages, including for bodily injury, and for investigation and clean-up costs incurred by such parties in connection with the contamination. Laws and regulations governing the residential mortgage industry could have an adverse effect on our business and financial results. In 2020-2024, we established **GRBK a joint venture, BHome Mortgage, a wholly owned subsidiary**, to provide mortgage related services to homebuyers. **We previously provided such services through our joint venture, BHome Mortgage**. The residential mortgage lending industry remains under intense scrutiny and is heavily regulated at the federal, state and local levels. ~~Although we do not originate mortgages, we are directly or indirectly subject to certain of these regulations.~~ Changes to existing laws or regulations or adoption of new laws or regulations could require our joint venture to incur significant compliance costs. A material failure to comply with any of these laws or regulations could result in the loss or suspension of required licenses or other approvals, the imposition of monetary penalties, and restitution awards or other relief. Any of these outcomes could have an adverse effect on our results of operations.

Risks Related to Our Financing and Capital Structure

We may be unable to obtain suitable bonding for the development of our housing projects. We are periodically required to provide bonds to governmental authorities and others to ensure the completion of our projects and these bonds are generally not released until all development and construction activities to which they relate are completed. Depending on market conditions, surety providers may be reluctant to issue new bonds and may request credit enhancements (such as cash deposits or letters of credit) in order to maintain existing bonds or to issue new bonds. If we are unable to obtain required bonds for our future projects, or if we are required to provide credit enhancements with respect to our current or future bonds, our business, liquidity, financial condition and results of operations could be materially and adversely affected. A negative change in our credit rating could adversely affect our business. Our business requires access to capital on favorable terms to service our indebtedness, cover our operating expenses and fund other liquidity needs. Negative rating actions by credit agencies such as downgrades increase the cost to access capital and can make it difficult for us to meet our liquidity needs. Any downgrade of our credit rating by any of the principal credit agencies may exacerbate these difficulties. There are no assurances that we will not experience downgrades in our credit ratings in the future, whether due to worsening macroeconomic conditions, a downturn in the housing industry, failure to successfully execute our business strategy, or the adverse impact on our results of operations or liquidity position of any of the above or otherwise. Difficulty in obtaining sufficient capital could result in an inability to acquire land for our

developments or increased costs and delays in the completion of development projects. The homebuilding industry is capital-intensive and requires significant up-front expenditures to acquire land parcels and begin development. Land acquisition, development and construction activities may be adversely affected by any shortage or increased cost of financing or the unwillingness of third parties to engage in partnerships, joint ventures or other alternative arrangements. In addition to the financing provided by the senior unsecured notes, we currently have access to a senior secured revolving credit facility and a senior unsecured revolving credit facility. We cannot ensure that we will be able to extend the maturity of these credit facilities or arrange another facility on acceptable terms or at all. Furthermore, in the future, we may seek additional capital in the form of equity or debt financing from a variety of potential sources, including additional bank financings and / or securities offerings. The availability of borrowed funds, especially for land acquisition and construction financing, may be greatly reduced nationally, and the lending community may require increased amounts of equity to be invested in a project by borrowers in connection with both new loans and the extension of existing loans. The credit and capital markets are subject to volatility. If we are required to seek additional financing to fund our operations, volatility in these markets may restrict our flexibility to access such financing. If we are not successful in obtaining sufficient capital to fund our planned capital and other expenditures, we may be unable to acquire land for our housing developments and / or to develop the housing. Any difficulty in obtaining sufficient capital for planned development expenditures could also cause project delays and any such delay could result in cost increases. Any one or more of the foregoing events could have a material adverse effect on our business, liquidity, financial condition and results of operations. Our debt instruments contain limitations and restrictions that could prevent us from capitalizing on business opportunities and could adversely affect our growth. Our revolving credit facilities and the terms of our senior unsecured notes impose certain restrictions on our and certain of our subsidiaries' operations and activities and require us to maintain certain financial covenants. The most significant restrictions relate to debt incurrence (including non-recourse indebtedness), creation of liens, repayment of certain indebtedness prior to its respective stated maturity, sales of assets, cash distributions (including paying dividends), capital stock repurchases, and investments by us and certain of our subsidiaries. These restrictions may prevent us from capitalizing on business opportunities and could adversely affect our growth. The restrictions in our debt instruments could prohibit or restrict our and certain of our subsidiaries' activities, such as undertaking capital raising or restructuring activities or entering into other transactions. In addition, if we fail to comply with these restrictions, an event of default could occur and our debt under these debt instruments could become due and payable prior to maturity. Any such event of default could lead to cross defaults under certain of our other debt or negatively impact other covenants. In any of these situations, we may be unable to amend the applicable instrument or obtain a waiver without significant additional cost, or at all. Any such situation could have a material adverse effect on our liquidity and financial condition.

Risks Related to Ownership of Our Common Stock Future issuances of our common stock or Series A preferred stock could adversely affect the market for our common and preferred stock or dilute the ownership interest of our stockholders. We are not restricted from issuing additional shares of our authorized common stock or Series A preferred stock, including securities that could be converted into or exchanged for, or that represent the right to receive, shares of our common or preferred stock. ~~For example, in December 2021, we offered 2,000,000 depositary shares each representing a 1/1000th interest in our 5.75% cumulative perpetual preferred stock.~~ If we issue a substantial number of shares of common or Series A preferred stock, or depositary shares representing interests in our preferred stock, or if the expectation of such issuances is broadly disseminated in the market, including in connection with any acquisitions, the market price for our common, preferred or depositary shares could be adversely affected, and our stockholders' interest could be diluted. Our decision to issue equity securities will depend on market conditions and other factors, and we cannot predict or estimate with certainty the amount, timing or nature of potential future issuances. Accordingly, our stockholders bear the risk that such future equity issuances could reduce market price and dilute their stock holding with us. As of December 31, 2023-2024, we had 45-44,005-498, 175-097 shares of common stock and 2,000 shares of Series A preferred stock outstanding. Our common and preferred stock are equity securities and are subordinate to our existing and future indebtedness and effectively subordinated to all indebtedness and other non-equity claims against our subsidiaries. Shares of our common stock and preferred stock are equity interests and do not constitute indebtedness. Accordingly, shares of our common stock and depositary shares, which represent a fractional interest in our Series A preferred stock, will rank junior to all of our existing and future indebtedness (including indebtedness convertible into our common stock or preferred stock), to the indebtedness and other liabilities of our existing or future subsidiaries, and to other non-equity claims against us and our assets available to satisfy claims against us, including in the event of liquidation. Moreover, holders of our depositary shares and outstanding preferred stock have preferential dividend and liquidation rights compared to holders of our common stock. We are permitted to incur additional debt. In the event of a bankruptcy, liquidation, dissolution or winding-up of our affairs, lenders and holders of our debt securities would receive distributions of our available assets prior to holders of our common stock, depositary shares and other outstanding preferred stock. Additionally, our right to participate in a distribution of assets upon any of our subsidiaries' liquidation or reorganization is subject to prior claims of that subsidiary' s creditors, including holders of any preferred stock of that subsidiary. Certain large stockholders own a significant percentage of our shares and exert significant influence over us. Their interests may not coincide with ours and they may make decisions with which we may disagree. Greenlight Capital, Inc. and its affiliates ("Greenlight") and James R. Brickman own approximately 25-23.2-6% and 4.3-6%, respectively, of our voting power. These large stockholders, acting together, could determine substantially all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as a sale or other change of control transaction. In addition, this concentration of ownership may delay or prevent a change in control within us and make some transactions more difficult or impossible without the support of these stockholders. The interests of these stockholders may not always coincide with our interests or the interests of other stockholders. Accordingly, these stockholders could cause us to enter into transactions or agreements that you would not approve or make decisions with which you may disagree. Certain large stockholders' shares have been and may in the future be sold into the market, which

could cause the market price of our common stock to decrease significantly. We believe that a significant portion of our common stock beneficially owned by Greenlight and Mr. Brickman are “restricted securities” within the meaning of the federal securities laws. We entered into registration rights agreements with each of these parties in 2014 which provide these parties the right to require us to register the resale of their shares under certain circumstances. In accordance with the registration rights agreement, the shares of common stock beneficially owned by Greenlight may be resold under the Company’s shelf registration statement on Form S-3, which became effective automatically upon filing on September 6, 2023. These shares may be sold in the market at any time, subject to compliance with securities laws. If these holders sell substantial amounts of these shares, the price of our common stock could decline. In addition, the sale of these shares could impair our ability to raise capital through the sale of additional equity securities. As of ~~January 2~~ **December 31**, 2024, **10,509,141** ~~11,411,336,493~~ shares were held by Greenlight.