Risk Factors Comparison 2023-03-31 to 2022-03-24 Form: 10-K

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

Our business, results of operations, and financial condition are subject to numerous risks and uncertainties. In connection with any investment decision with respect to our securities, you should carefully consider the following risk factors, as well as the other information contained in this report and our other filings with the SEC. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. Should any of these risks materialize, our business, results of operations, financial condition and future prospects could be negatively impacted, which in turn could affect the trading value of our securities. You should read these Risk Factors in conjunction with " Management' s Discussion and Analysis of Financial Condition and Results of Operations " in Item 7 and our consolidated financial statements and related notes in Item 8. Additionally, some statements herein constitute forward- looking statements. Please refer to the section entitled ~~"~~ **"** Cautionary Note Concerning Forward- Looking Statements. " Business and Industry Risks: ~~The~~ **We are subject to demand fluctuations in the** housing market **and the homebuilding industry. The recent decline in demand in the housing market** may ~~not~~ continue ~~to grow at the same rate,~~ or ~~may~~ decline ~~, and~~ **further. Any continuation in the recent decline in demand or** any **further** decline in **demand** ~~our markets or~~ for **our homes or in** the homebuilding industry generally may materially and adversely affect our business **, results of operations,** and financial condition **. Demand for our homes is subject to fluctuations, often due to factors outside of our control** . We cannot predict whether and to what extent the housing markets in the geographic areas in which we operate will ~~continue to~~ grow, particularly if interest rates for mortgage loans, land costs, and construction costs **continue to** rise **. Currently, we believe we are in a housing market downturn, since demand for our homes has decreased; our revenues and results of operations have been adversely affected; we have had significant inventory impairments and other write- offs; our gross margins have declined significantly from historical levels; and we incurred substantial losses from operations. Demand began softening during the second quarter of 2022 and continued to decline in the third and fourth quarters of 2022 primarily due to inflationary pricing, rapidly rising interest rates for mortgage loans, and high construction costs** . Other factors that ~~might~~ **have impacted and may continue to** impact ~~growth in~~ the homebuilding industry include uncertainty in domestic and international financial **,** credit and consumer lending markets amid slow economic growth or recessionary conditions in various regions or industries around the world ~~, including as a result of the COVID- 19 pandemic~~ , tight lending standards and practices for mortgage loans that limit consumers' ability to qualify for mortgage financing to purchase a home, including increased minimum credit score requirements, credit risk / mortgage loan insurance premiums and / or other fees and required down payment amounts, higher home prices, more conservative appraisals, changing consumer preferences, **decreased consumer confidence,** higher loan- to- value ratios and extensive buyer income and asset documentation requirements, changes to mortgage regulations, slower rates of population growth or population decline in our markets, ~~or~~ Federal Reserve policy changes ~~. Given these~~ **, and other** factors, **including** ~~we can provide no assurance that the~~ **those** ~~present~~ **described elsewhere in this Report. At any particular time, we cannot accurately predict whether** housing market **conditions existing at that time** will continue ~~to be strong, whether overall or in our markets~~ . If there is limited economic growth, declines in employment and consumer income, changes in consumer behavior, ~~including as a result of the COVID- 19 pandemic,~~ and / or tightening of mortgage lending standards, practices and regulation in the geographic areas in which we operate, or if interest rates for mortgage loans **continue to** ~~or home prices~~ rise, there could likely be a corresponding adverse effect on our business, prospects, liquidity, financial condition and results of operations, including, but not limited to, the number of homes we sell, our average sales price per home closed **, cancellations of home purchase contracts** and the amount of revenues or profits we generate, and such effect may be material. 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 residential housing in Washington, California, Texas, and Florida. 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 could have a material adverse effect on our business, prospects, liquidity, financial condition, and results of operations. 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. Our industry is cyclical and adverse changes in general and local economic conditions could reduce the demand for homes and, as a result, could have a material adverse effect on us. Our business can be substantially affected by adverse changes in general economic 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 changes, among other 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 sale practices; federal and state personal income tax rates and provisions, including provisions for the deduction of mortgage loan interest payments, real estate taxes and other expenses; supply of and prices for available new or resale homes (including lender- owned homes); interest of financial institutions or other businesses in purchases; 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 land 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 refuse to honor their home purchase contracts altogether. 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 the **prior year** ~~past 18 months,~~ which has made the homes we sell more affordable. However, **the** ~~we cannot predict whether mortgage~~ interest rates **have significantly jumped in the recent year** ~~will continue to fall, remain low or rise~~ . ~~If~~ **When** mortgage interest rates increase, the ability of prospective homebuyers to finance home purchases may be adversely affected, and, as a result, our operating results may be significantly negatively 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 Federal National Mortgage Association (“ Fannie Mae ”) and Federal Home Loan Mortgage Corporation (“ 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 Federal Housing Administration (“ FHA ”), the Veterans Administration (“ VA ”) and the U. S. Department of Agriculture (“ USDA ”). FHA and USDA backing of mortgage loans has been particularly important to the mortgage finance industry and to our business. If either the FHA or USDA raised their down payment requirements or lowered maximum loan amounts, our business could be materially affected. Increased lending volume and losses insured by the FHA have resulted in a reduction of the FHA insurance fund. The USDA rural development program provides for zero down payment and 100 % financing for homebuyers in qualifying areas. If the USDA program was discontinued or if funding was decreased, then our business could be adversely affected. In addition, if the USDA changed its determination of areas that are eligible to qualify for the program, it could have an adverse effect on our business. 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. Because Fannie Mae-, Freddie Mac-, FHA-, USDA- and VA- backed mortgage loans have been an important factor in marketing and selling many of our homes, 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. First- time homebuyers are generally more affected by the availability of mortgage financing than other potential homebuyers. These homebuyers are a key source of demand for our new homes. A limited availability of suitable mortgage financing may adversely affect the volume and sales price of our home sales. Fluctuations in real estate values may require us to write- down the book value of our real estate assets. The homebuilding and land development industries are subject to significant variability and fluctuations in real estate values. As a result, we may be required to write- down the book value of our real estate assets in accordance with 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. We may be required to take write- downs or write- offs, restructuring, and impairment or other charges that could have a significant negative effect on our financial condition, results of operations, and our stock price, which could cause you to lose some or all of your investment. Factors outside of our business and outside of our control may arise. As a result of these factors, we may be forced to write down or write off assets, restructure operations, or incur impairment or other charges that could result in losses. Further, unexpected risks may arise, and previously known risks may materialize in a manner not consistent with our risk analysis. Even though these charges may be non- cash items and not have an immediate impact on our liquidity, the fact that we report charges of this nature could contribute to negative market perceptions about us or our securities. Accordingly, our securities could suffer a reduction in value. Because real estate is illiquid, we may not be able to sell properties when in our best interest. Sometimes, real estate may not be sold quickly. The capitalization rates at which properties may be sold could be higher than historic rates, thereby reducing our potential proceeds from sale. Consequently, we may not be able to alter our inventory promptly in response to changes in economic or other conditions. All of these factors reduce our ability to respond to changes in the performance of our inventory and could adversely affect our business, financial condition, and results of operations. Inflation could adversely affect our business and financial results. 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~~ **During 2022, we experienced the fastest interest rate increase cycle since the 1980s. The Federal Reserve has already made an interest rate increase in 2023 and** may **again raise** ~~also accompany higher~~ interest rates ~~, which~~ **in the near future to combat the effects of inflation. These interest rate increases have adversely impacted and** could **continue to** 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. Reduced numbers of home sales extend the time it takes us to recover land purchase and property development costs, negatively impacting profitability and our results of operations. We incur many costs even before we begin to build homes in a community. Depending on the stage of development a land parcel is in when we acquire it, these may include costs of preparing land, financing, finishing and entitling lots, installing roads, sewers, water systems and other utilities, taxes and other costs related to ownership of the land on which we plan to build homes. If the rate at which we sell and deliver homes slows, or if we delay the opening of new home communities, we may incur additional pre- construction costs and it may take longer for us to recover our costs, which could adversely affect our profitability and results of operations. **Development, redevelopment and construction risks could affect our profitability. We intend to continue to develop multi- family home communities. These activities can include long planning and entitlement timelines and can involve complex and costly activities, including significant environmental remediation or construction work in high- density urban areas. These activities may expose us to the following risks, among others: • we may abandon opportunities that we have already begun to explore for a number of reasons, including changes in local market conditions or increases in construction or financing costs, and, as a result, we may fail to recover expenses already incurred in exploring those opportunities; • occupancy rates and rents at a community may fail to meet our original expectations for a number of reasons, including changes in market and economic conditions beyond our control and the development by competitors of competing communities; • we may be unable to obtain, or experience delays in obtaining, necessary zoning, occupancy or other required governmental or third party permits and authorizations, which could result in increased costs, or the delay or abandonment of opportunities; • we may incur costs that exceed our original estimates due to increased material, labor or other costs; • we may be unable to complete construction of a community on schedule or for the originally projected cost resulting in increased construction and financing costs; • we may incur liabilities to third parties during the development process; and • we may incur liability if our communities are not constructed in compliance with the accessibility provisions of the Americans with Disabilities Acts, the Fair Housing Act or other federal, state or local requirements. Noncompliance could result in imposition of fines, an award of damages to private litigants and a requirement that we undertake structural modifications to remedy the noncompliance.** 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 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. **Unfavorable changes in market and economic conditions could adversely affect occupancy, rental rates, operating expenses, and the overall market value of our real estate assets. Local conditions in our markets significantly affect occupancy, rental rates and the operating performance of our properties, and may be adversely affected by the following risks: • corporate restructurings and / or layoffs, and industry slowdowns; • an oversupply of, or a reduced demand for, apartment homes; • a decline in household formation or employment or lack of employment growth; • the inability or unwillingness of residents to pay rent increases; and • economic conditions that could cause an increase in our operating expenses, such as increases in property taxes, utilities, compensation of on- site associates and routine maintenance.** Changes to population growth rates in certain of the markets in which we operate or plan to operate could affect the demand for homes in these regions. Slower rates of population growth or population declines in our markets in Washington, California, Texas, Florida, or other key markets in the United States that we may decide to enter in the future, especially as compared to the high population growth rates in prior years, could affect the demand for housing, cause home prices in these markets to fall and adversely affect our plans for growth, business, financial condition, and operating results ~~. Furthermore, while we have recently observed an increase in our business as a result of people moving to the suburbs during the COVID- 19 pandemic, we cannot assure you that this trend will continue or not reverse~~. A major health and safety incident relating to our business could be costly in terms of potential liabilities and reputational damage. Building sites are inherently dangerous and operating in the homebuilding 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 or 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 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 in turn could have a material adverse effect on our business, prospects, liquidity, financial condition, and results of operations.

Development of properties entails a lengthy, uncertain, and costly entitlement process. Approval to develop real property sometimes requires political support and generally entails an extensive entitlement process involving multiple and overlapping regulatory jurisdictions and often requires discretionary action by local governments. Real estate projects must generally comply with local land development regulations and may need to comply with state and federal regulations. We incur substantial costs to comply with legal and regulatory requirements. An increase in legal and regulatory requirements may cause us to incur substantial additional costs, or in some cases cause us to determine that the property is not feasible for development. In addition, our competitors and residents may challenge our efforts to obtain entitlements and permits for the development of properties. The process to comply with these regulations is usually lengthy and costly, may not result in the approvals we seek and can be expected to materially affect our development activities. We cannot make any assurances that our growth or expansion strategies will be successful or not expose us to additional risks. We have expanded our business through selected investments in new geographic markets and by diversifying our products in certain markets. Investments in land, finished lots and home inventories can expose us to risks of economic loss and inventory impairments if housing conditions weaken or we are unsuccessful in implementing our growth strategies. We may develop communities in which we build homes, sell acreage home sites as a part of the development, and sell homes. 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 could expose us to significant risks, beyond those associated with operating our existing business, including understanding and complying with the laws and regulations of new jurisdictions, diversion of our management' s attention from ongoing business concerns, and incurrence of unanticipated liabilities and expenses and may materially adversely affect our business, prospects, liquidity, financial condition, and results of operations. The homebuilding industry is highly competitive and, if our competitors are more successful or offer better value to customers, it may materially and adversely affect our business and financial condition. We operate in a very competitive environment that is characterized by competition from a number of other homebuilders and land developers in each geographical market in which we operate. There are relatively low barriers to entry into the homebuilding business. We compete with numerous large national and regional homebuilding companies and with smaller local homebuilders and land developers for, among other things, homebuyers, desirable land parcels, financing, raw materials and skilled management and labor resources. If we are unable to compete effectively in our markets, our business could decline disproportionately to the businesses of our competitors and our financial condition could be materially and adversely affected. Increased competition could hurt our business by preventing us from acquiring attractive land parcels on which to build homes or making acquisitions more expensive, hindering our market share expansion and causing us to increase selling incentives and reduce prices. Additionally, an oversupply of homes available for sale or a discounting of home prices could materially and adversely affect pricing for homes in the markets in which we operate. We also compete with the resale, or " previously owned, " home market, the size of which may change significantly as a result of changes in the rate of home foreclosures, which is affected by changes in economic conditions both nationally and locally. We may be at a competitive disadvantage with regard to certain large national and regional homebuilding competitors whose operations are more geographically diversified, as these competitors may be better able to withstand any future regional downturn in the housing market. We compete directly with a number of large national and regional homebuilders that may have longer operating histories and greater financial and operational resources than we do, including a lower cost of capital. Many of these competitors also have longstanding relationships with subcontractors, local governments, and suppliers in the markets in which we operate or in which we may operate in the future. This may give our competitors an advantage in securing materials and labor at lower prices, marketing their products and allowing their homes to be delivered to customers more quickly and at more favorable prices. This competition could reduce our market share and limit our ability to expand our business. Our geographic concentration could materially and adversely affect us if the homebuilding industry in our current markets should experience a decline. Our current business involves the design, construction, and sale of ~~homes~~ **properties** in growing markets in Washington, California, Florida, and Texas. Because our operations are concentrated in these areas, a prolonged economic downturn affecting one or more of these areas, or affecting any sector of employment on which the residents of such area are dependent, could have a material adverse effect on our business, prospects, liquidity, financial condition, and results of operations. Accordingly, our sales, results of operations, financial condition and business would be negatively impacted by a decline in the economy, the job sector, or the homebuilding industry in the regions in which our operations are concentrated. In addition, our ability to acquire land parcels for new homes may be adversely affected by changes in the general availability of land parcels, the willingness of land sellers to sell land parcels at reasonable prices, competition for available land parcels, availability of financing to acquire land parcels, zoning, and other market conditions. If the supply of land parcels appropriate for development of homes is limited in our markets, or for any other reason, our ability to grow could be significantly limited, and the number of homes that we build, and sell could decline. Any joint venture investments that we make 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 may co-invest in the future with third parties through partnership, joint ventures, or other entities, acquiring non- controlling interests in or sharing responsibility for managing the affairs of a land acquisition and / or a development. In this event, we would not be in a position to exercise sole decision- making authority regarding the acquisition and / or development, and our investment may be illiquid due to our lack of control. Investments in partnerships, joint ventures, or other entities may, under certain circumstances, involve risks not present were a third- party not involved, including the possibility that 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 which are inconsistent with our business interests or goals and may be in a position to take actions contrary to our policies or objectives. Such investments may also have the potential risk of impasses on decisions, such as a sale, because neither we nor 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 in certain circumstances be liable for the actions of our joint venture partners. Natural disasters, severe weather and adverse geological conditions may increase costs, cause project delays, and reduce consumer demand for housing, all of which could materially and adversely affect us. Our homebuilding and development operations are located in many areas that are subject to natural disasters, severe weather or adverse geological conditions. These include, but are not limited to, hurricanes, tornadoes, droughts, floods, brushfires, wildfires, prolonged periods of precipitation, landslides, soil subsidence, earthquakes, and other natural disasters. 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 homes or sell land in those areas and possibly increasing the costs of homebuilding completion. Furthermore, the occurrence of natural disasters, severe weather and other adverse geological 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 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. If we are unable to develop or construct our properties successfully or within expected time- frames, our results of operations could be adversely affected. It can take some time to generate revenue after we acquire land for developed lots ~~and~~ **,** homes **, and multi- family properties** . Delays in the development and construction, including delays associated with subcontractors performing the development activities or entitlements, expose us to the risk of changes in market conditions for real estate. A decline in our ability to develop and market our real estate 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. New and existing laws and regulations or other governmental actions may increase our expenses, limit our operations where we can purchase and build or delay completion of our projects. We are subject to numerous local, state, federal and other statutes, ordinances, rules, and regulations concerning zoning, development, building design, construction, accessibility, anti- discrimination, and other matters, which, among other things, impose restrictive zoning and density requirements, the result of which is to limit our operations within the boundaries of a particular area. We may encounter issues with entitlement, not identify all entitlement requirements during the pre- development review of a project site, or encounter zoning changes that impact our operations. Projects for which we have not received land use and development entitlements, or approvals may be subjected to periodic delays, changes in use, less intensive development, or elimination of development in certain specific areas due to government regulations. We may also be subject to periodic delays or may be precluded entirely from developing in certain communities due to building moratoriums or zoning changes. Such moratoriums generally relate to insufficient water supplies, sewage facilities, delays in utility hook- ups, or inadequate road capacity within specific market areas or subdivisions. Local governments also have broad discretion regarding the imposition of development fees for projects in their jurisdiction. Projects for which we have received land use and development entitlements, or approvals may still require a variety of other governmental approvals and permits during the development process and can also be impacted adversely by unforeseen health, safety, and welfare issues, which can further delay these projects or prevent their development. As a result of any of these statutes, ordinances, rules or regulations, the timing of our home sales could be delayed, the number of our home sales could decline and / or our costs could increase, which could have a material adverse effect on our business, prospects, liquidity, financial condition, and results of operations. We are subject to environmental, health and safety laws and regulations, which may increase our costs, result in liabilities, limit the areas in which we can operate and delay completion of our projects. We are subject to a variety of local, state, federal and other laws, statutes, ordinances, rules, and regulations concerning the environment, hazardous materials, the discharge of pollutants and human health and safety. The particular environmental requirements that apply to any given site vary according to multiple factors, including the site' s location, its environmental conditions, the present and former uses of the site, the presence or absence of endangered plants or animals or sensitive habitats, and environmental conditions at adjoining or nearby properties. We may not identify all of these concerns during any pre- acquisition or pre- development review of project sites. Environmental requirements and conditions may result in delays, may cause us to incur substantial compliance and other costs, and can prohibit or severely restrict development and homebuilding activity in environmentally sensitive regions or in areas contaminated by others before we commence development. In some instances, regulators from different governmental agencies do not concur on development, remedial standards or property use restrictions for a project, and the resulting delays or additional costs can be material for a given project. From time to time, the EPA and similar federal, state, or local agencies review land developers' and homebuilders' compliance with environmental laws and may levy fines and penalties, among other sanctions, for failure to strictly comply with applicable environmental laws, including those applicable to control storm water discharges during construction, or impose additional requirements for future compliance as a result of past failures. Any such actions taken with respect to us may increase our costs and result in project delays. Further, we expect that increasingly stringent requirements will be imposed on land developers and homebuilders in the future. We cannot assure you that environmental, health and safety laws will not change or become more stringent in the future in a manner that could have a material adverse effect on our business. Environmental laws and regulations relating to climate change and energy can have an adverse impact on our activities, operations, and 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 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 in restrictions on land development in certain areas or increased energy, transportation, and raw material costs. ~~On January 20, 2021, President Biden signed an instrument that will lead to the United States' reentry into the Paris Agreement, which requires countries to review and " represent a progression " in their intended nationally determined contributions, which set greenhouse gas emission reduction goals, every five years. We anticipate that 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. 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 adverse impact on our operations and profitability to the extent the manufacturers and suppliers of our materials are burdened with expensive cap and trade or similar energy- related regulations. ~~Our business could be materially and adversely disrupted by an epidemic or pandemic (such as the continuing 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 our business, financial condition, results of operations, cash flows, strategies, or prospects. We experienced some disruptions to our business operations during the continuing COVID- 19 pandemic, including a brief cessation of construction in March 2020 and some temporary closures of our office for a limited period of time. The ultimate impacts of COVID- 19 and related mitigation efforts will depend on future developments, including, but not limited to, the duration and geographic spread of COVID- 19; the impact of government actions designed to prevent the spread of COVID- 19; the availability and timely distribution of effective treatments and vaccines; actions taken by customers, subcontractors, suppliers and other third parties; workforce availability; and the timing and extent to which normal economic and operating conditions resume. Our business could also be negatively impacted over the medium- to- longer term if the disruptions related to COVID- 19 decrease consumer confidence generally or with respect to purchasing a home; cause civil unrest; negatively impact mortgage availability or the federal government' s mortgage loan-related programs or policies; delay mortgage originations; tighten mortgage lending standards; or precipitate a prolonged economic downturn or an extended rise in unemployment or tempering of wage growth, any of which could lower demand for our products; negatively impact general consumer interest in purchasing a home compared to choosing other housing alternatives; impair our ability to sell and build homes in a typical manner or at all, generate revenues and cash flows or access our Credit Agreement (as defined herein) or the capital or lending markets (or significantly increase the costs of doing so), as may be necessary to sustain our business; increase the costs or decrease the supply of building materials or the financial viability or availability of subcontractors, including as a result of infections or medically necessary or recommended self- quarantining, or governmental mandates to direct production activities to support public health efforts; and result in our recognizing charges in future periods, which may be material, for real estate impairments or land option contract abandonments, or both, related to our current real estate assets. The inherent uncertainty surrounding COVID- 19, due in part to changing governmental directives, public health challenges and progress and market reactions thereto, also makes it more challenging for our management to estimate the future performance of our business and develop strategies to generate growth or achieve our objectives. Should the adverse impacts described above (or others that are currently unknown) occur, whether individually or collectively, we would expect to experience, among other things, decreases in our net orders, homes closed, average sales prices per home closed, revenues and profitability, and such impacts could be material to our business, financial condition, results of operations, cash flows, strategies or prospects in future quarters. In addition, if the U. S. experiences another surge of COVID- 19 cases and the public health effort related thereto intensifies to such an extent that we cannot operate in most or all of our markets, we could generate few or no orders and deliver few, if any, homes during the applicable period, which could be prolonged. Along with a potential increase in cancellations of home purchase contracts, if prolonged government restrictions on our business and our customers return in response to increases in COVID- 19 cases, or if there is an extended economic recession, we could be unable to produce revenues and cash flows sufficient to conduct our business; meet the terms of our covenants and other requirements under the loan agreements, and / or mortgages and land contracts due to land sellers and other loans; or service our outstanding indebtedness. Such a circumstance could, among other things, exhaust our available liquidity and ability to access liquidity sources or trigger an acceleration to pay a significant portion or all of our then- outstanding debt obligations, which we may be unable to do. 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, acts of terrorism, political uncertainty or civil unrest 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. The war in Ukraine may adversely affect our business, financial condition, and~~

~~results of operation. The war in Ukraine could have an impact on the overall stock market as well as impact the costs and availability of construction materials. Additionally, it may have an impact on the demand of homebuyers and other negative impacts that are unforeseen.~~ Increases in cancellations of agreements of sale could have an adverse effect on our business. Our backlog reflects agreements of sale with our ~~homebuyers~~ ---- **buyers** for ~~homes~~ **properties** that have not yet been delivered. We typically receive a deposit from our ~~homebuyers~~ ---- **buyers** for each ~~home~~ **property** , which is reflected in our backlog, and we generally have the right to retain the deposit if the ~~homebuyer~~ **buyer** does not complete the purchase. In some situations, however, a ~~homebuyer~~ **buyer** may cancel the agreement of sale and receive a complete or partial refund of the deposit for reasons such as state and local law, an inability to obtain mortgage financing at prevailing interest rates (including financing arranged or provided by us), an inability to sell the current ~~home~~ **property** , or our inability to complete and deliver the **property** ~~new home~~ within the specified time. If mortgage financing becomes less accessible, or if economic conditions deteriorate, ~~homebuyers~~ ---- **buyers** may cancel their agreements of sale with us, which could have an adverse effect on our business and results of operations. Third- party lenders may not complete mortgage loan originations for our homebuyers in a timely manner or at all, which can lead to cancellations and a reduction in the backlog of orders, or significant delays in our closing homes sales and recognizing revenues from those homes. Our buyers may obtain mortgage financing for their home purchases from any lender or other provider of their choice, including an unaffiliated lender. If, due to credit or consumer lending market conditions, regulatory requirements, or other factors or business decisions, these lenders refuse or are unable to provide mortgage loans to our buyers, the number of homes that we deliver, and our consolidated financial statements may be materially and adversely affected. We can provide no assurance as to a lenders' ability or willingness to complete, in a timely fashion or at all, the mortgage loan originations they start for our homebuyers. Such inability or unwillingness may result in mortgage loan funding issues that slow deliveries of our homes or cause cancellations, which in each case may have a material adverse effect on our consolidated financial statements. In addition, recent changes to mortgage loan disclosure requirements to consumers may potentially delay lenders' completion of the mortgage loan funding process for borrowers. Specifically, the Consumer Financial Protection Bureau has adopted a rule governing the content and timing of mortgage loan disclosures to borrowers, commonly known as TILA- RESPA Integrated Disclosures (" TRID "). Lender compliance with TRID could result in delays in loan closings and the delivery of homes that materially and adversely affect our financial results and operations. 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 **single and multifamily** homes and, in many cases, to select and 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. 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 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. Despite our quality control and jobsite safety efforts, we may discover from time to time that our subcontractors have engaged in improper construction or safety practices or have installed defective materials in our homes. When we discover these issues, we utilize our subcontractors to repair the homes in accordance with our new home warranty and as required by law. The adverse costs of satisfying our warranty and other legal obligations in these instances may be significant and we may be unable to recover the costs of warranty- related repairs from subcontractors, suppliers, and insurers, which could have a material adverse impact on our business, prospects, liquidity, financial condition, and results of operations. We may also suffer reputational damage from the actions of subcontractors, which are beyond our control. We rely on third- party suppliers and long supply chains, and if we fail to identify and develop relationships with a sufficient number of qualified suppliers, or if there is a significant interruption in our supply chains, our ability to timely and efficiently access raw materials that meet our standards for quality could be adversely affected. Our ability to identify and develop relationships with qualified suppliers who can satisfy our standards for quality and our need to access products and supplies in a timely and efficient manner is a significant challenge. We may be required to replace a supplier if their products do not meet our quality or safety standards. In addition, our suppliers could discontinue selling products at any time for reasons that may or may not be in our control or the suppliers' control. Our operating results and inventory levels could suffer if we are unable to promptly replace a supplier who is unwilling or unable to satisfy our requirements with a supplier providing similar products. Our suppliers' ability to deliver products may also be affected by financing constraints caused by credit market conditions, which could negatively impact our revenue and cost of products sold, at least until alternate sources of supply are arranged. Labor and raw material shortages and price fluctuations 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 and 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 structures or as a result of broader economic or geopolitical disruptions. It is uncertain whether these shortages will continue as is, improve or worsen. In addition, our activities 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. Furthermore, the cost of labor and raw materials may also increase during periods of shortage or high inflation. During the economic downturn in 2007 through ~~2011~~ **2012** , a large number of qualified trade partners went out of business or otherwise exited the market into new fields. Price increases could cause delays in and increase our costs of home construction, which we may not be able to recover 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, imposed tariffs on a variety of imports from foreign countries and may impose additional tariffs in the future. Significant tariffs or other restrictions 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 recover by raising home prices or which could slow our absorption due to being constrained by market demand. 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 **. We have experienced delays or increased costs for certain materials, such as cabinets, electrical components, and appliances, which has had a material adverse effect on our financial condition and results of operations. If the current state of the global supply chain continues, such delays or costs may continue to increase, which may further affect our business** . New trade policies could make sourcing raw materials from foreign countries more difficult and more costly. The federal government ~~has recently~~ **from time to time** ~~imposed~~ **imposes** new or increased tariffs or duties on an array of imported materials and goods that are used in connection with the construction and delivery of homes, including steel, aluminum, lumber, solar panels and washing machines, and has threatened to impose further tariffs, duties, or trade restrictions on imports. Foreign governments, including China, Russia, and the European Union, have responded by imposing or increasing tariffs, duties, or trade restrictions on U. S. goods, and are reportedly considering other measures. These trading conflicts and related escalating governmental actions that result in additional tariffs, duties or trade restrictions could cause disruptions or shortages in our supply chains, increase our construction costs or home- building costs generally or negatively impact the U. S., regional or local economies, and individually or in the aggregate, materially and adversely affect our financial results. We may change our operational policies, investment guidelines, and our business and growth strategies without stockholder consent, which may subject us to different and more significant risks in the future. Our board of directors will determine our operational policies, investment guidelines, and our business and growth strategies. Our board of directors may make changes to, or approve transactions that deviate from, those policies, guidelines, and strategies without a vote of, or notice to, our stockholders. This could result in us conducting operational matters, making investments, or pursuing different business or growth strategies than those contemplated in this Annual Report. Under any of these circumstances, we may expose ourselves to different and more significant risks in the future, which could have a material adverse effect on our business, prospects, liquidity, financial condition, and results of operations. 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. Our quarterly operating results fluctuate due to the seasonal nature of our business. Our quarterly operating results generally fluctuate by season. We typically experience the highest new home order activity in the 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 six to ~~ten~~ **12** months to construct a new home, we **usually** 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 it may be affected by volatility in the homebuilding industry. Risks associated with our land and lot inventories could adversely affect our business or financial results. Risks inherent in controlling, purchasing, holding, and developing land for new home construction are substantial. The risks inherent in purchasing and developing land parcels increase as consumer demand for housing decreases and the holding period increases. As a result, we may buy and develop land parcels on which homes cannot be profitably built and sold. In certain circumstances, a grant of entitlements or development agreement with respect to a particular parcel of land may include restrictions on the transfer of such entitlements to a buyer of such land, which could negatively impact the price of such entitled land by restricting our ability to sell it for its full entitled value. In addition, inventory carrying costs can be significant and can result in reduced margins or losses in a poorly performing community or market. Developing land and constructing homes takes a significant amount of time and requires a substantial cash investment. Land development is a key part of our operations, and we develop land in most of our markets. The time and investment required for development may adversely impact our business. We have substantial real estate inventories that regularly remain on our balance sheet for significant periods of time prior to their sale, during which time we are exposed to the risk of adverse market developments. Our business model is based on building homes before a sales contract is executed and a customer deposit is received. Interest and other expenses are capitalized until sold. In the event there is a downturn in home sales in our markets, our inventory of completed homes could increase, leading to additional financing costs and lower margins, which could have a material adverse effect on our financial results and operations. In the event of significant changes in economic or market conditions, we may have to sell homes at significantly lower margins or at a loss, if we are able to sell them at all. Additionally, deteriorating market conditions could cause us to record significant inventory impairment charges. The recording of a significant inventory impairment could negatively affect our reported earnings per share and negatively impact the market perception of our business. The long- term sustainability and growth in our home closings depends in part upon our ability to acquire land parcels suitable for residential projects at reasonable prices. The long- term sustainability of our operations as well as future growth depends in large part on the price at which we are able to obtain suitable land parcels for development or homebuilding operation. Our ability to acquire land parcels for various residential projects may be adversely affected by changes in the general availability of land parcels, the willingness of land sellers to sell land parcels at reasonable prices, competition for available land parcels, availability of financing to acquire land parcels, zoning, regulations that limit housing density, the ability to obtain building permits, environmental requirements and other market conditions and regulatory requirements. If suitable lots or land at reasonable prices become less available, the number of homes we may be able to build and sell could be reduced, and the cost of land could be increased substantially, which could adversely impact us. As competition for suitable land increases, the cost of undeveloped lots and the cost of developing owned land could also rise and the availability of suitable land at acceptable prices may decline, which could adversely impact us. 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 our active communities, as well as to sustain and grow our revenues and margins, and achieve or maintain profitability. Additionally, developing undeveloped land is capital intensive and time consuming and we may develop land based upon forecasts and assumptions that prove to be inaccurate, resulting in projects that are not economically viable. We are subject to warranty and liability claims arising in the ordinary course of business that can be significant. As a homebuilder and developer, we are subject to construction defect, 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. We rely on subcontractors to perform the construction of our homes and, in some cases, to select and obtain building materials. 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. The cost of performing such repairs, or litigation arising out of such issues, may be significant if we are unable to recover the costs from subcontractors, suppliers and / or insurers. Warranty and construction defect matters can also result in negative publicity, including on social media outlets, which could damage our reputation and negatively affect our ability to sell homes. We maintain, and require our subcontractors to maintain, general liability insurance (including construction defect and bodily injury coverage) and workers' compensation insurance and generally seek to require our subcontractors to indemnify us for liabilities arising from their work. While these insurance policies, subject to deductibles and other coverage limits, and indemnities 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 insurance policies and indemnities will be adequate to address all 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. Further, the coverage offered by, and the availability of, general liability insurance for completed operations and construction defects are currently limited and costly. We cannot provide assurance that coverage will not be further restricted, increasing our risks and financial exposure to claims, and / or become costlier. We may be unable to obtain suitable bonding for the development of our communities. We provide performance bonds and letters of credit in the ordinary course of business to governmental authorities and others to ensure the completion of our projects or in support of obligations to build community improvements such as roads, sewers, water systems and other utilities. We may also be required to provide performance bonds or letters of credit to secure our performance under various escrow agreements, financial guarantees, and other arrangements. If we are unable to obtain performance bonds or letters of credit when required or the cost or operational restrictions or conditions imposed by issuers to obtain them increases significantly, we may be significantly delayed in developing our communities or may incur significant additional expenses and, as a result, our financial condition and results of operations could be materially and adversely affected. Financial and Liquidity Risks: **Our ability to operate and to respond to changing business and economic conditions depends on the availability of adequate capital. Failure to generate cash flow or obtain financing could have a material adverse effect on our financial condition and results of operation and could cast uncertainty on our ability to continue as a going concern. The continued operation of our business and our ability to respond to changing business and economic conditions depend on the availability of adequate capital, which in turn depends on cash flow generated by our business and, if necessary, the availability of equity or debt capital. We also require sufficient cash flow to meet our obligations under our existing debt agreements. (See Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Liabilities and Quantitative And Qualitative Disclosures About Market Risk.) We cannot assure you that our cash flow from operations or cash available under our financing agreements will be sufficient to meet our needs. If we are unable to generate sufficient cash flows from operations in the future and if availability under our financing agreements is not sufficient or unavailable, we may have to obtain additional financing. If we obtain additional capital by issuing equity, the interests of our existing stockholders will be diluted. If we incur additional indebtedness, that indebtedness may contain significant financial and other covenants that may significantly restrict our operations. Uncertainty regarding our ability to continue as a going concern could also have a material and adverse impact on the price of our common stock which could negatively impact our ability to obtain stock- based financing. There can be no assurance that we will be successful in obtaining additional capital when and if needed. If we are unable to generate sufficient revenues, utilize existing financing facilities, or obtain new financing, we may have to delay, scale back, or terminate some of our proposed projects; liquidate assets at unfavorable prices; or not be able to continue operations and possibly seek bankruptcy protection. (See Note 1. to our Financial Statements, Nature of Operations and Summary of Significant Accounting Policies — Going Concern Uncertainty.) If we fail to meet the ongoing obligations of any of our loan agreements, our lenders could require a restructuring of the loan or declare a default under the loan agreement and accelerate the payments of all amounts due, which may require us to take drastic actions which could impact our results of operations. Some of our loan agreements contain financial covenants that we must meet over the course of the loan. There can be no guarantee that we will be able to meet these financial covenants at any given time. If any violations of such covenants are not cured within their applicable cure periods, a lender could declare a default. At**

the option of the lender, declaration of a default could require a restructuring of the loan with onerous requirements (see Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — BankUnited Loan Restructuring) or the lender could declare all amounts due under the loan immediately due and payable, in which case we would be required to pay all amounts of outstanding principal and interest immediately (" Acceleration "). If an Acceleration was demanded by a lender, we may not have cash available to pay the entire amount of the Acceleration and would have to borrow funds at egregious terms, raise dilutive financing, sell assets, or take other adverse actions and there can be no assurance that we would be successful in accomplishing any such remedial measures to satisfy an Acceleration. On February 23, 2023, we entered into an Amendment to the Loan Agreement (the " Amendment ") with BankUnited, N. A. (" BankUnited ") which amended the terms of our March 2022 Loan Agreement (the " Loan Agreement ") as a result of a restructuring of the Loan (as defined below) due to a default under the Loan Agreement when we failed to meet two financial covenants of the Loan Agreement. Pursuant to the Amendment, in exchange for BankUnited waiving its right to accelerate the debt and declaring all amounts under the Loan Agreement due and payable, we agreed to certain monthly payments, remittances of proceeds from certain sales, and pledging of certain collateral, among other things. (See Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — BankUnited Loan Restructuring.) The restrictions in the Amendment with BankUnited may interfere with our ability to obtain additional financing or affect the way we structure such financing or engage in other business activities. If we default on the Amendment, BankUnited will be able to declare all amounts owed under the Loan immediately due and payable and will have full recourse to foreclose on all of our properties. In the event that this occurs, it will have a material adverse effect on our business, prospects, liquidity, financial condition, and results of operations. A default on any of our obligations could also result in an event of default under certain of our other existing debt agreements (a " Cross- Default "). Declaration of a Cross-Default by other lenders would increase our financial pressures and could impact our ability to continue as a going concern. A Cross- Default could also significantly limit our alternatives to refinance our indebtedness. Difficulty in obtaining sufficient capital could result in an inability to acquire land or increased costs and delays in the completion of development projects, increase home construction costs or delay home construction entirely. The homebuilding and land development industry is capital- intensive and requires significant up- front expenditures to acquire land parcels and begin development. In addition, if housing markets are not favorable or permitting or development takes longer than anticipated, we may be required to hold our investments in land for extended periods of time. If internally generated funds are not sufficient, 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 constrained regionally or 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. Since the global recession in 2008, credit and capital markets have, from time to time, experienced unusual volatility. If we are required to seek additional financing to fund our operations, continued volatility in these markets may restrict our flexibility to access such financing. Furthermore, any downgrade of our credit ratings or other negative rating actions by credit agencies may make it more difficult and costly for us to access capital. If we are not successful in obtaining sufficient funding for our planned capital and other expenditures or if we do not properly allocate our funding, we may be unable to acquire additional land for development and / or to construct new housing. Additionally, if we cannot obtain additional financing to fund the purchase of land under our purchase contracts, we may incur contractual penalties, fees, and increased expenses from the write- off of due diligence and pre- acquisition costs. Any difficulty in obtaining sufficient capital for planned development expenditures could also cause project delays and any such delay could result in cost increases. Any one or more of the foregoing events could have a material adverse effect on our business, prospects, liquidity, financial condition, and results of operations. 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 our returns. Our access to additional third- party sources of financing will depend, in part, on: • general market conditions; • the market' s perception of our growth potential; • with respect to acquisition and / or development financing, the market' s perception of the value of the land parcels to be acquired and / or developed; • our current 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 where 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, if there is 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 our inability to secure additional financing on reasonable terms, if at all. Depending on market conditions 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. Our sources of liquidity are limited and may not be sufficient to meet our needs. We are largely dependent on our current cash balance and future cash flows from operations (which may not be positive) to enable us to service our indebtedness, to cover our operating expenses and / or to fund our other liquidity needs. Depending on the levels of our land purchases, we could generate positive or negative cash flow in future years. If the ~~current improved~~ market conditions in the homebuilding industry **deteriorate** ~~do not continue over the next several years~~ , our cash flows could be insufficient to fund our obligations and support land purchases, and if we cannot buy additional land, we would ultimately be unable to generate future revenues from the sale of houses. If our cash flows and capital resources are insufficient to fund our debt service obligations or we are unable to refinance our indebtedness, we may be forced to reduce or delay investments and capital expenditures, sell assets, seek additional capital, or restructure our indebtedness. These alternative measures may not be successful or, if successful, made on desirable terms and may not permit us to meet our debt service obligations. If our available cash and capital resources are insufficient to meet our debt service and other obligations, we could face liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. We may not be able to consummate those dispositions or the proceeds from the dispositions may not be permitted under the terms of our debt instruments to be used to service indebtedness or may not be adequate to meet any debt service obligations then due. For additional information about capital resources and liquidity ~~, see~~ **. (See** Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources. **)** Our indebtedness could adversely affect our business, prospects, financial condition, or results of operations and prevent us from fulfilling our obligations under loan agreements. We have a significant amount of indebtedness **.** (See Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources **— Liabilities.**) ~~.~~ If we incur additional indebtedness, the risks related to our level of indebtedness could intensify. Specifically, an increased level of indebtedness could have ~~important consequences~~ **negative ramifications** , including **but not limited to the following** : **•** making it more difficult for us to satisfy our obligations with respect to our indebtedness, including our loan agreements ~~–~~ **; •** limiting our ability to obtain additional financing to fund future working capital, capital expenditures, debt service requirements, execution of our business strategy or finance other general corporate requirements ~~–~~ **; •** requiring us to make non- strategic divestitures, particularly when the availability of financing in the capital markets is limited, which may adversely impact sales prices ~~–~~ **; •** requiring a substantial portion of our cash flow to be allocated to debt service payments instead of other business purposes, thereby reducing the amount of cash flow available for working capital, capital expenditures, acquisitions, dividends and other general corporate purposes ~~–~~ **; •** increasing our vulnerability to general adverse economic and industry conditions, including increases in interest rates, particularly given that certain indebtedness bears interest at variable rates ~~–~~ **; •** limiting our ability to capitalize on business opportunities, reinvest in and develop properties and to react to competitive pressures and adverse changes in government regulations ~~–~~ **; •** placing us at a disadvantage compared to other, less leveraged competitors ~~–~~ **; •** limiting our ability ~~,~~ or increasing the costs ~~,~~ to refinance indebtedness ~~–~~ resulting in an event of default if we fail to satisfy our obligations under our indebtedness, which default could result in all or part of our indebtedness becoming immediately due and payable and, in the case of our secured debt, could permit the lenders to foreclose on our assets securing such debt. A breach of the covenants under any of the agreements governing our indebtedness could result in an event of default. A default under any of the agreements governing our indebtedness may allow our creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross- acceleration or cross- default provision applies. In addition, an event of default under the credit agreement governing our credit facility would permit the lenders thereunder to terminate all commitments to extend further credit under the applicable facility. Furthermore, if we were unable to repay the amounts due and payable under any secured indebtedness, those lenders could proceed against the collateral granted to them to secure that indebtedness. In the event our lenders or the holders of our notes accelerate the repayment of our borrowings, we cannot assure that we would have sufficient assets to repay such indebtedness. As a result of these restrictions, we may be: • limited in how we conduct our business; • unable to raise additional debt or equity financing to operate during general economic or business downturns; or • unable to compete effectively or to take advantage of new business opportunities. These restrictions may affect our ability to grow or continue our existing operations. Our stock price is volatile and could decline. The securities markets in general and our common stock in particular have experienced significant price and volume volatility. The market price and volume of our common stock may continue to experience significant fluctuations due not only to general stock market conditions, but also to a change in sentiment in the market regarding our industry, operations, or business prospects. The price and volume volatility of our common stock may be affected by: • operating results that vary from the expectations of securities analysts and investors; • factors influencing home purchases, such as higher interest rates and availability of home mortgage loans, credit criteria applicable to prospective borrowers, ability to sell existing residences and homebuyer sentiment in general; • the operating and securities price performance of companies that investors consider comparable to us; • announcements of strategic developments, acquisitions and other material events by us or our competitors; and • changes in global financial markets and global economies and general market conditions, such as interest rates, commodity and equity prices and the value of financial assets. Our ability to raise funds through the issuance of equity or otherwise use our common stock as consideration is impacted by the price of our common stock. A low stock price may adversely impact our ability to reduce our financial leverage, as measured by the ratio of total debt to total capital. Continued high levels of leverage or significant increases may adversely affect our credit ratings and make it more difficult for us to access additional capital. These factors may limit our ability to implement our operating and growth plans. We may not realize the value of our tax assets. Certain provisions of the Internal Revenue Code could limit our ability to fully utilize certain tax assets due to a previous change in control, or if we were to experience a future change in control. If such an event were to occur, the cash flow benefits we might otherwise have received could be decreased. Any limitation on, or reduction or elimination of ~~,~~ tax benefits associated with homeownership would have an adverse effect upon the demand for homes, which could be material to our business. While tax laws generally permit significant expenses associated with homeownership, primarily mortgage interest expense and real estate taxes, to be deducted for the purpose of calculating an individual' s federal and, in many cases, state taxable income, the ability to deduct mortgage interest expense and real estate taxes for federal income tax purposes is limited. The federal government or a state government may change its income tax laws by eliminating, limiting, or substantially reducing these income tax benefits without offsetting provisions, which may increase the after- tax cost of owning a new home for many of our potential homebuyers. Any such future changes may have an adverse effect on the homebuilding industry in general. For example, the loss or reduction of homeowner tax deductions could decrease the demand for new homes. Any such future changes could also have a material adverse impact on our business, prospects, liquidity, financial condition, and results of operations. Federal income tax credits available to builders of certain energy efficient new homes may not be extended by future legislation. On ~~December 21~~ **August 12** , ~~2020~~ **2022** , the U. S. Congress passed the **Inflation Reduction** ~~Taxpayer Certainty and Disaster Tax Relief~~ Act of ~~2020~~ **2022** , which ~~former~~ President ~~Trump~~ **Biden** signed into law on ~~December 27~~ **August 16** , ~~2020~~ **2022** . This Act extended the availability of Code Section 45L credit for energy efficient new homes (" federal energy efficient homes tax credits "), which provides a tax credit of $ ~~2~~ **5** , 000 per qualifying home to eligible homebuilders and made such tax credits available for homes delivered through December 31, ~~2021~~ **2032** . It is uncertain whether an extension or similar tax credit will be adopted in the future. We may suffer uninsured losses or material losses in excess of insurance limits. We could suffer physical damage to property and liabilities resulting in losses that may not be fully recoverable by insurance. Insurance against certain types of risks, such as terrorism, earthquakes, floods, or personal injury claims, may be unavailable, available in amounts that are less than the full market value or replacement cost of investment or underlying assets or subject to a large deductible or self- insurance retention amount. In addition, there can be no assurance that certain types of risks that are currently insurable will continue to be insurable on an economically feasible basis. Should an uninsured loss or a loss in excess of insured limits occur or be subject to deductibles or self- insurance retention, we could sustain financial loss or lose capital invested in the affected property, as well as anticipated future income from that property. Furthermore, we could be liable to repair damage or meet liabilities caused by risks that are uninsured or subject to deductibles. We may also be liable for any debt or other financial obligations related to the affected property. 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. If we fail to implement and maintain an effective system of internal controls, we may not be able to accurately determine our financial results or prevent fraud. As a result, investors 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. We may in the future discover areas of our internal controls that need improvement. We cannot be certain that we will be successful in maintaining adequate internal control over our financial reporting and financial processes. Furthermore, as we grow our business, our internal controls will become more complex, and we will require significantly more resources to ensure our internal controls remain effective. Additionally, 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 weakness or significant deficiency and management may not be able to remediate any such material weakness or significant deficiency 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 and cause investors to lose confidence in our reported financial information, all of which could materially and adversely affect us. Organizational and Structural Risks: Our performance may be negatively impacted by loss of 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, Sterling Griffin, our Chief Executive Officer and Chairman of our board of directors. Although we have entered into an employment agreement with Mr. Griffin, there is no guarantee that he 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 not obtained key man life insurance that would provide us with proceeds in the event of the death or disability of any of our key management personnel. 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. **Nasdaq** ,they will be covered securities.However,if **we** ~~our securities~~ are no longer listed on Nasdaq,our securities would not be covered securities,and we would be subject to regulation in each state in which we offer our securities.The exercise of our warrants and conversion of our preferred stock will result in dilution to our stockholders.We issued warrants to purchase shares of common stock and issued preferred stock that include an option for the holder to convert the shares into common stock.(See Note 17.Stockholders ~~'~~ **'** Equity.) The shares of common stock issued upon exercise of our warrants and conversion of our preferred stock will result in dilution to the then existing holders of common stock and increase the number of shares eligible for resale in the public market.Sales of such shares in the public market could adversely affect the market price of our common stock or public warrants.We do not intend to pay dividends on our common stock ~~and preferred stock~~ for the foreseeable future.We currently intend to retain our future earnings to finance the development **and expansion of** The JOBS Act permits “ emerging growth companies ” like us to take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies. We qualify as an “ emerging growth company ” as defined in Section 2 (a) (19) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012, which we refer to as the “ JOBS Act. ” As such, we take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies for as long as we continue to be an emerging growth company, including (i) the exemption from the auditor attestation requirements with respect to internal control over financial reporting under Section 404 of SOX, (ii) the exemptions from say-on- pay, say- on- frequency and say- on- golden parachute voting requirements and (iii) reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. As a result, our stockholders may not have access to certain information they deem important. We will remain an emerging growth company until the earliest of (i) the last day of the fiscal year (a) following the fifth anniversary of our IPO, (b) in which we have total annual gross revenue of at least $ 1. ~~07~~ **235** billion or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common stock and public warrants that is held by non- affiliates exceeds $ 700 million as of the last business day of our prior second fiscal quarter, and (ii) the date on which we have issued more than $ 1. 0 billion in non- convertible debt during the prior three- year period. We cannot predict if investors will find our common stock less attractive if we choose to rely on these exemptions. If some investors find our common stock less attractive as a result of any choices to reduce future disclosure, there may be a less active trading market for our common stock and the price of our common stock may be more volatile. In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the exemption from complying with new or revised accounting standards provided in Section 7 (a) (2) (B) of the Securities Act as long as we are an emerging growth company. An emerging growth company can therefore delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non- emerging growth companies, but any such election to opt out is irrevocable. We have elected to avail ourselves of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our financial statements with another public company that is neither an emerging growth company nor an emerging growth company that has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used. As a result of our reliance on these exemptions or reduced disclosures, investors may not have access to certain information they deem important or may find our securities less attractive. This may result in a less active trading market for our securities and the price of our securities, including our common stock or public warrants may be more volatile. ~~Nasdaq may delist~~ **Our business could be materially and adversely disrupted by an epidemic** ~~our~~ - **or** ~~securities~~ **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** ~~trading on its exchange which could limit investors’ ability to make transactions in~~ our ~~securities~~ **business in the ordinary course for** ~~and~~ - **an extended period** ~~subject us to additional trading restrictions. Our common stock~~ , ~~preferred stock,~~ and **thereby** ~~public warrants are listed on the Nasdaq stock exchange. There is no guarantee that these securities will remain listed on Nasdaq. There can be no assurance that these securities will continue to be listed on Nasdaq in the future. In order to continue listing our securities on Nasdaq~~ , **along with** ~~we must maintain certain financial, distribution and share price levels. In general, we must maintain a minimum number of holders of our securities. If Nasdaq delists~~ any **associated economic** ~~of our securities from trading on its exchange and we are not able to list our securities on another national securities exchange, we expect our securities could be quoted on an~~ **and social instability or distress** ~~over- the- counter market. If this were to occur~~ , **have a** ~~we could face significant~~ material adverse **impact** consequences, including: • a limited...... stock, and public warrants are listed on Nasdaq, they will be covered securities...... to finance the development and expansion of our business ~~and~~ , ~~therefore, do not intend to pay cash dividends on our common stock for the foreseeable future. Any future determination to pay dividends on our common stock will be at the discretion of our board of directors and will depend on our~~ financial condition, results of operations, ~~capital requirements~~ **cash flows** , ~~restrictions contained in~~ **strategies, or prospects. Acts of war or terrorism may seriously harm our business. Acts of war,** any **outbreak** ~~financing instruments, applicable legal requirements, and such other factors as our~~ - **or** ~~board~~ **escalation** of **hostilities between** ~~directors deems relevant. Accordingly, stockholders may need to sell their~~ -- **the** ~~shares~~ **United States and any foreign power, acts** of **terrorism, political uncertainty** ~~our~~ - **or civil unrest** ~~common stock to realize a return on investment and~~ may **cause disruption** ~~not be able~~ to ~~sell shares at or above~~ the ~~price paid~~ **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 ~~them. Future offerings of debt securities, which would rank senior to our common stock upon our bankruptcy or~~ **our homes** ~~liquidation,~~ and ~~future offerings of equity securities that may be senior to our common stock for the purposes of dividend and liquidation distributions, may~~ adversely **impact** ~~affect the market price of our common stock. In the future, we may attempt to increase our capital resources by making offerings of debt securities or~~ **our business** ~~additional offerings of equity securities. Upon bankruptcy or liquidation~~ , ~~holders of our debt securities and shares of preferred stock and lenders with respect~~ **prospects** ~~to other borrowings will receive a distribution of our available assets prior to the holders of our common stock. Additional equity offerings may dilute the holdings of our existing stockholders or reduce the market price of our common stock~~ , **liquidity** ~~or both. Our preferred stock will have a preference on liquidating distributions and dividend payments~~ , **financial** ~~which could limit our ability to make a dividend distribution to the holders of our common stock. Our~~

~~decision to issue securities in any future offering will depend on market conditions~~ **condition** and ~~other factors beyond our control. As a result~~ **results** ~~, we cannot predict or estimate the amount, timing or nature~~ of **operations** ~~our future offerings, and purchasers of our common stock in this offering bear the risk of our future offerings reducing the market price of our common stock and diluting their ownership interest in our company~~ . ~~General Risks:~~ We are subject to litigation, arbitration, or other claims, which could materially and adversely affect us. We are subject to litigation, and we may in the future be subject to enforcement actions, such as claims relating to our operations, securities offerings and otherwise in the ordinary course of business. Some of these claims may result in significant defense costs and potentially significant judgments against us, some of which are not, or cannot be, insured against. We cannot be certain of the ultimate outcomes of any claims that may arise in the future, and legal proceedings may result in the award of substantial damages. Resolution of these types of matters against us may result in our having to pay significant fines, judgments, or settlements, which, if uninsured or in excess of insured levels, could adversely impact our earnings and cash flows, thereby materially and adversely affecting us. Furthermore, plaintiffs may in certain of these legal proceedings seek class action status with potential class sizes that vary from case to case. Class action lawsuits can be costly to defend, and if we were to lose any certified class action suit, it could result in substantial liability for us. Certain litigation or the resolution thereof may affect the availability or cost of some of our insurance coverage, which could materially and adversely impact us, expose us to increased risks that would be uninsured, and materially and adversely impact our ability to attract directors and officers. Information system failures, interruptions, cyber incidents, or breaches in security could adversely affect us. We rely on accounting, financial, operational, management and other information systems, including the Internet and third- party hosted services, to conduct our operations, store sensitive data, process financial information and results of operations for internal reporting purposes and comply with financial reporting, legal and tax requirements. Our information systems, and those of our vendors and service providers, 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 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. Our business is subject to complex and evolving U. S. laws and regulations regarding privacy and data security. 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. Consumer personal privacy and data security have become significant issues and the subject of rapidly evolving regulation in the United States. Furthermore, federal, state, and local government bodies or agencies have in the past adopted, and may in the future adopt, more laws and regulations affecting data privacy. Laws and regulations governing data privacy and the unauthorized disclosure of confidential information including recently implemented may significantly impact our business activities and require substantial compliance costs, which could have a material adverse effect on our business, prospects, liquidity, financial condition, and results of operations. Any failure, or perceived failure, by us to adequately address privacy and data security concerns, even if unfounded, or comply with applicable privacy and data security laws, regulations and policies 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. If we are not able to adjust to changing laws, regulations and standards relating to privacy or data security, our business may be materially harmed. 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. Failure to comply with laws and regulations may adversely affect us. We are required to comply with laws and regulations governing many aspects of our business, such as land acquisition and development, home construction and sales, and employment practices. Despite our oversight, contractual protections, and other mitigation efforts, our employees or subcontractors could violate some of these laws or regulations, as a result of which we may incur fines, penalties, or other liabilities, which could be significant, and our reputation with governmental agencies, customers, vendors, or suppliers could be damaged. 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 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. Negative publicity could adversely affect our reputation as well as our business, financial results, and stock price. Our reputation and brand are critical to our success. 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 laws, regulations or rules, or a failure to comply with any laws, regulations, or rules, may adversely affect our business, investments, and results of operations. We are subject to laws, regulations and rules enacted by national, regional, and local governments and Nasdaq. In particular, we are required to comply with certain SEC, Nasdaq , and other legal or regulatory requirements. Compliance with, and monitoring of, applicable laws, regulations and rules may be difficult, time consuming and costly. Those laws, regulations or rules and their interpretation and application may also change from time to time and those changes could have a material adverse effect on our business, investments, and results of operations. In addition, a failure to comply with applicable laws, regulations, or rules, as interpreted and applied, could have a material adverse effect on our business and results of operations.