Risk Factors Comparison 2024-02-21 to 2023-02-22 Form: 10-K

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The risk factors noted in this section and other factors noted throughout this Annual Report on Form 10- K, describe certain risks and uncertainties that could cause our actual results to differ materially from those contained in any forward- looking statement and should be considered carefully in evaluating our company and our business. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Risks Related to Our Business **Environment** and Industry Our operating results are subject to general economic conditions and risks associated with our real estate assets. Our operating results are subject to risks generally incident to the ownership and rental of residential real estate, many of which are beyond our control, including, without limitation: • unfavorable global and United States economic conditions (including inflation and interest rates), uncertainty in financial markets, and geopolitical tensions **; • bank failures or other liquidity constraints affecting financial institutions** ; • changes in national, regional, or local economic, demographic, or real estate market conditions; • changes in job markets and employment levels on a national, regional, and local basis; • declines in the value of residential real estate; • overall conditions in the housing market, including: • macroeconomic shifts in demand for rental homes; • inability to lease or re- lease homes to residents on a timely basis, on attractive terms or at all; • failure of residents to pay rent when due or otherwise perform their lease obligations; • unanticipated repairs, capital expenditures, weather related damages, or other costs; • uninsured damages; and • increases in property taxes, HOA fees, and insurance costs; • level of competition for suitable rental homes; • terms and conditions of purchase contracts; • costs and time period required to convert acquisitions to rental homes; • changes in the terms or availability of financing that may render the acquisition of any homes difficult or unattractive; • the liquidity of real estate investments, generally; • the short- term nature of most residential leases and the costs and potential delays in re- leasing; • changes in laws, including those that increase operating expenses or limit our ability to increase rental rates. See " **Legal and Regulatory Related Risks** — Eviction, tenant rights, rent control, and rent stabilization laws, and other similar laws and / or regulations that limit our ability to collect rent, enforce remedies for failure to pay rent, or increase rental rates may negatively impact our rental income and profitability **;** " ~~;~~ • the impact of potential reforms relating to government- sponsored enterprises involved in the home finance and mortgage markets; • rules, regulations and / or policy initiatives by government and private actors, including HOAs, to discourage or restrict the purchase or operation of single- family properties by entities owned or controlled by institutional investors; • the potential effects of climate change, related regulatory policies, legislation, and / or investor responses and expectations, and the transition to a lower- carbon economy; • disputes and potential negative publicity in connection with eviction proceedings; • construction of new supply; • costs resulting from the clean- up of, and liability to third parties for damages resulting from, environmental problems, such as indoor mold; • fraud by borrowers, originators, and / or sellers of mortgage loans; • undetected deficiencies and / or inaccuracies in underlying mortgage loan documentation and calculations; • casualty or condemnation losses; • the geographic mix of our properties; • the cost, quality, and condition of the properties we are able to acquire; and • our ability to provide adequate management, maintenance, and insurance. Any one or more of these factors could adversely affect our business, financial condition, and results of operations. ~~an adverse impact on our business or financial results.~~ Increasing property taxes, **HOA fees,and** insurance costs ~~,and HOA fees~~ may negatively affect our financial results.As a result of our substantial real estate holdings,the cost of property taxes and insuring our properties is a significant component of our expenses.Our properties are subject to real and personal property taxes that may increase as tax rates change and as the real properties are assessed or reassessed by taxing authorities.As the owner of our properties,we are responsible for payment of the taxes to the applicable government authorities.If real property taxes increase,our expenses will increase.If we fail to pay any such taxes,the applicable taxing authority may place a lien on the real property and the real property may be subject to a tax sale.In addition,a significant portion of our properties are located within HOAs ~~,~~ and we are subject to HOA rules and regulations.HOAs have the power to increase monthly charges and make assessments for capital improvements and common area repairs and maintenance.Property taxes, ~~insurance costs,and~~ HOA fees ~~may be~~ **,and insurance premiums are** subject to significant increases,which can be outside of our control.If the costs associated with property taxes, ~~insurance,or~~ HOA fees and assessments **,or insurance** rise significantly and we are unable to increase rental rates due to current market conditions,rent control laws,or other regulations to offset such increases,our results of operations would be negatively affected. ~~Our~~ **Inflation could adversely affect our** business ~~,~~ **and financial** results ~~of operations~~ **.Inflation** , **which continued to increase during 2022,has adversely affected us by increasing the costs of products,materials,and labor needed to operate our business and could continue to adversely affect us in future periods.The effects of inflation on our** financial condition **and results of operations over the past few years are primarily related to increased operating costs for the procurement of goods and service and compensation of our associates** , **including benefits,and financing costs in the form of interest expense.Continued inflationary pressures could have a material impact on our results of operations in the future.In** ~~and~~ **an inflationary environment,we may not be able to raise rents sufficiently to keep up with the rate of inflation.High levels of inflation may also negatively impact consumer income and spending,among other factors,which may adversely impact our business,financial condition,** cash flows ~~may be adversely affected~~ **,and results of operations.Actions** by ~~pandemics and outbreaks~~ **the government to stimulate the economy may increase the risk** of ~~infectious disease.A~~ significant **inflation** ~~outbreak of infectious disease~~ , ~~medical epidemic,~~ **which may also have an adverse impact on our business** or ~~a pandemic may result in a widespread health crisis and may lead to an economic downturn that could negatively affect our business,results of operations,and~~ financial ~~condition.To the extent our current or prospective residents experience unemployment,deteriorating~~

~~financial conditions,and declines in household income,resulting~~ **results** ~~from medical epidemics or pandemics,they may be unwilling or unable to pay rent in full on a timely basis or renew or enter into new leases for our homes,and our revenues and operating results could be negatively affected~~ . ~~Measures put in place in response to a pandemic such as temporary eviction moratoriums if certain criteria are met by residents,deferral of missed rent payments without incurring late fees,and restrictions on rent increases may impose restrictions on our ability to enforce residents' contractual rental obligations and limit our ability to collect and increase rents.The~~ We may not be able to effectively manage our growth, and any failure to do so may have an adverse effect on our business and operating results. Since commencing operations in 2012, we have grown rapidly, assembling a portfolio of ~~over 80~~ **approximately 85** , 000 **owned** homes as of December 31, ~~2022~~ **2023 and providing property and asset management services to portfolio owners of single- family residential properties** . Our future operating results may depend on our ability to effectively manage our growth, which is dependent, in part, upon our ability to: • stabilize and manage an increasing number of properties and resident relationships across our geographically dispersed portfolio while maintaining a high level of resident satisfaction and building and enhancing our brand; • identify and supervise a number of suitable third parties on which we rely to provide certain services outside of property management to our properties; • attract, integrate, and retain new management and operations associates; and • continue to improve our operational and financial controls and reporting procedures and systems. We can provide no assurance that we will be able to manage our properties or grow our business efficiently or effectively, or without incurring significant additional expenses. Any failure to do so may have an adverse effect on our business and operating results. A significant portion of our costs and expenses are fixed, and we may not be able to adapt our cost structure to offset declines in our revenue. Many of the expenses associated with our business, such as property taxes, **insurance,** HOA fees ~~, insurance~~ , utilities, acquisition, renovation and maintenance costs, and other general corporate expenses are relatively inflexible and will not necessarily decrease with a reduction in revenue from our business. Some components of our fixed assets depreciate more rapidly and require ongoing capital expenditures. Our expenses and ongoing capital expenditures are also affected by inflationary increases, and certain of our cost increases may exceed the rate of inflation in any given period or market. Our rental income is affected by many factors beyond our control, such as the availability of alternative rental housing and economic conditions in our markets. In addition, state and local regulations may require us to maintain properties that we own, even if the cost of maintenance is greater than the value of the property or any potential benefit from renting the property, or pass regulations that limit our ability to increase rental rates. As a result, we may not be able to fully offset rising costs and capital spending by increasing rental rates, which could have a material adverse effect on our results of operations and cash available for distribution. Increasing property taxes, HOA fees,...... on our business or financial results. We recorded net losses in the past and we may experience net losses in the future. We have recorded consolidated net losses in the past. These net losses were inclusive in each period of significant non- cash charges, consisting primarily of depreciation and amortization expense. We expect such non- cash charges to continue to be significant in future periods and, as a result, we may record net losses in future periods. We are dependent on our executive officers and dedicated associates, and the departure of any of our key associates could materially and adversely affect us. We also face intense competition for the employment of highly skilled managerial, investment, financial, and operational associates. Additionally, our results of operations can be adversely affected by labor shortages, turnover, and labor cost increases. We rely on a small number of persons to carry out our business and investment strategies, and the loss of the services of any of our key management associates, or our inability to recruit and retain qualified associates in the future, could have an adverse effect on our business and financial results. In addition, the implementation of our business plan may require that we employ additional qualified associates. Competition for highly skilled managerial, investment, financial, and operational associates is intense. As additional large real estate investors enter into and expand their scale within the single- family rental business, we have faced increased challenges in hiring and retaining associates, and we cannot assure our stockholders that we will be successful in attracting and retaining such skilled associates. If we are unable to hire and retain qualified associates as required, our growth and operating results could be adversely affected. Our ability to meet our labor needs while controlling our labor costs is subject to numerous external factors, including unemployment levels, prevailing wage rates, rising inflation, changing demographics, and changes in employment legislation. High unemployment levels and federal unemployment subsidies may adversely affect the labor force available to us or increased labor costs. In addition, we continue to experience disruptions from workforce turnover due to a scarcity of talent, as businesses compete for personnel, and rising labor costs. Many of our positions require specialized skill sets resulting in a longer than average time period to fill vacant positions. We are also experiencing and may continue to experience additional pressure due to labor shortages associated with the impact of continued elevated demand. If we are unable to retain qualified associates or our labor costs increase significantly, our business operations and our financial performance could be adversely impacted. Our investments are and may continue to be concentrated in our markets and in the single- family properties sector of the real estate industry, which exposes us to seasonal fluctuations in rental demand and downturns in our markets or in the single- family properties sector. Our investments in real estate assets **and the investments we manage on behalf of others** are and may continue to be concentrated in our markets and in the single- family properties sector of the real estate industry. A downturn or slowdown in the rental demand for single- family housing caused by adverse economic, regulatory, or environmental conditions, or other events, in our markets may have a greater impact on the value of our **owned and managed** properties or our operating results than if we had more fully diversified our investments. We believe that there are seasonal fluctuations in rental demand with demand higher in the spring and summer than in the late fall and winter. Such seasonal fluctuations may impact our operating results. In addition to global and United States economic conditions, our operating performance will be impacted by the economic conditions in our markets. We base a substantial part of our business plan on our belief that property values and operating fundamentals for single- family properties in our markets will continue to improve over the near to intermediate term. However, these markets have experienced substantial economic downturns in the past and could experience similar or worse economic downturns in the future. We can provide no assurance as to the extent property values and operating fundamentals in these markets will improve, if at all. If an economic downturn in these markets occurs or if we fail to accurately predict the timing of economic improvement in these markets, the value of our properties could decline and our ability to execute our business plan may be adversely affected to a greater extent than if we owned ~~a~~ **and managed** real estate ~~portfolio~~ **portfolios** that ~~was~~ **were** more geographically diversified, which could adversely affect our financial condition, operating results, and ability to make distributions to our stockholders and cause the value of our common stock to decline. We may not be able to effectively control the timing and costs relating to the renovation and maintenance of our properties, which may adversely affect our operating results and ability to make distributions to our stockholders. **Most** ~~Nearly all~~ of our properties require some level of renovation either immediately upon their acquisition or in the future following expiration of a lease or otherwise. We may acquire properties that we plan to renovate extensively. We may also acquire properties that we expect to be in good condition only to discover unforeseen defects and problems that require extensive renovation and capital expenditures. To the extent properties are leased to existing residents, renovations may be postponed until the resident vacates the premises ~~, and we~~ **at which time the costs of renovating** will ~~then~~ **be** ~~incur~~ **incurred** ~~the costs of renovating~~ . In addition, from time to time, we may perform ongoing maintenance or make ongoing capital improvements and replacements and perform significant renovations and repairs that resident deposits and insurance may not cover. Because ~~our~~ **the** portfolio **of homes we own and manage** consists of geographically dispersed properties, our ability to adequately monitor or manage any such renovations or maintenance may be more limited or subject to greater inefficiencies than if our properties were more geographically concentrated. Our properties have infrastructure and appliances of varying ages and conditions. Consequently, we routinely retain independent contractors and trade professionals to perform physical repair work and are exposed to all of the risks inherent in property renovation and maintenance, including potential cost overruns, increases in labor and materials costs, delays by contractors in completing work, delays in the timing of receiving necessary work permits, delays in receiving materials, fixtures, or appliances, certificates of occupancy, and poor workmanship. Labor shortages and supply chain disruptions, among other challenges, continue to affect the ability of our associates, suppliers, and other business partners to carry out their assigned tasks, provide services, or supply materials at ordinary levels of performance relative to the conduct of our business. In addition, we are experiencing disruptions from workforce turnover, affecting the renovation and maintenance of our properties, as businesses emerging from the pandemic compete for personnel. Many of our positions require specialized skill sets resulting in a longer than average time period to fill position vacancies. If our assumptions regarding the costs or timing of renovation and maintenance across our properties prove to be materially inaccurate, our operating results and ability to make distributions to our stockholders may be adversely affected. We face significant competition in the leasing market for quality residents, which may limit our ability to lease ~~our~~ **the** single- family homes **we own and manage** on favorable terms. We depend on rental income from residents for substantially all of our revenues. As a result, our success depends in large part upon our ability to attract and retain qualified residents for our properties. We face competition for residents from other lessors of single- family properties, apartment buildings, and condominium units. Competing properties may be newer, better located, and more attractive to residents. Potential competitors may have lower rates of occupancy than we do or may have superior access to capital and other resources, which may result in competing owners more easily locating residents and leasing available housing at lower rental rates than we might offer at our homes. Many of these competitors may successfully attract residents with better incentives and amenities, which could adversely affect our ability to obtain quality residents and lease our single- family properties on favorable terms. Additionally, **we may fail to receive certain subsidies that we have received in the past, while** some competing housing options may qualify for **such** government subsidies ~~that~~ **or other government subsidies, which** may ~~make such options~~ **render the properties of our competitors as** more accessible and therefore more attractive than our properties. This competition may affect our ability to attract and retain residents and may reduce the rental rates we are able to charge. In addition, increases in unemployment levels and other adverse changes in economic conditions in our markets may adversely affect the creditworthiness of potential residents, which may decrease the overall number of qualified residents for our properties within such markets **. Unfavorable global and United States economic conditions (including inflation and interest rates), uncertainty in financial markets (including due to bank failures), may materially negatively impact our residents, such as being unable to access their existing cash to fulfill their payment obligations to us due to future bank failures, and our business could be negatively impacted** . We could also be adversely affected by overbuilding or high vacancy rates of homes in our markets, which could result in an excess supply of homes and reduce occupancy and rental rates. Continuing development of apartment buildings and condominium units in many of our markets will increase the supply of housing and exacerbate competition for residents. In addition, **laudable** government sponsored programs to promote home ownership may encourage potential renters to purchase residences rather than lease them, thereby causing a decline in the number and quality of potential residents available to us. No assurance can be given that we will be able to attract and retain suitable residents. If we are unable to lease our homes to suitable residents, we would be adversely affected and the value of our common stock could decline. We intend to continue to acquire properties from time to time consistent with our investment strategy even if the rental and housing markets are not as favorable as they have been in the recent past, which could adversely impact anticipated yields. We intend to continue to acquire properties from time to time consistent with our investment strategy, even if the rental and housing markets are not as favorable as they have been in the recent past. Future acquisitions of properties may be more costly than those we have acquired previously. The following factors, among others, may make acquisitions more expensive: • improvements in overall economic conditions and employment levels; • greater availability of consumer credit; • improvements in the pricing and terms of mortgages; • the emergence of increased competition for single- family properties from private investors and entities with similar investment objectives to ours; and • tax or other government incentives that encourage homeownership. A general decline in business activity and demand for real estate transactions could adversely affect our ability to acquire or dispose of single- family homes on terms that are attractive or at all, which may be impacted in periods of rising interest rates. We plan to continue acquiring properties as long as we believe such properties offer an attractive total return opportunity. Accordingly, future acquisitions may have lower yield characteristics than recent past and present opportunities and, if such future acquisitions are funded through equity issuances, the yield and distributable cash per share may be reduced, and the value of our common stock may decline. Competition in identifying and acquiring our properties could adversely affect our ability to implement our business and growth strategies, which could materially and adversely affect us. In acquiring our properties, we compete with a variety of institutional investors, including other REITs, specialty finance companies, public and private funds, savings and loan associations, banks, mortgage bankers, insurance companies, institutional investors, investment banking firms, financial institutions, governmental bodies, and other entities. We also compete with individual private home buyers and small- scale investors. Certain of our competitors may be larger in certain of our markets and may have greater financial or other resources than we do. Some competitors may have a lower cost of funds and access to funding sources that may not be available to us. In addition, any potential competitor may have higher risk tolerances or different risk assessments and may not be subject to the operating constraints associated with qualification for taxation as a REIT, which could allow them to consider a wider variety of investments. Competition may result in fewer investments, higher prices, a broadly dispersed portfolio of properties that does not lend itself to efficiencies of concentration, acceptance of greater risk, lower yields and a narrower spread of yields over our financing costs. In addition, competition for desirable investments could delay the investment of our capital, which could adversely affect our results of operations and cash flows. As a result, there can be no assurance that we will be able to identify and finance investments that are consistent with our investment objectives or to achieve positive investment results, and our failure to accomplish any of the foregoing could have a material adverse effect on us and cause the value of our common stock to decline. We depend on our residents and their willingness to meet their lease obligations and renew their leases for substantially all of our revenues. Poor resident selection, defaults, and non- renewals by our residents may adversely affect our reputation, financial performance, and ability to make distributions to our stockholders. We depend on rental income from residents for substantially all of our revenues. As a result, our success depends in large part upon our ability to attract and retain qualified residents for our properties. Our reputation, financial performance, and ability to make distributions to our stockholders would be adversely affected if a significant number of our residents fail to meet their lease obligations or fail to renew their leases. For example, residents may default on rent payments, make unreasonable and repeated demands for service or improvements, make unsupported or unjustified complaints to regulatory or political authorities, use our properties for illegal purposes, damage or make unauthorized structural changes to our properties that are not covered by security deposits, refuse to leave the property upon termination of the lease, engage in domestic violence or similar disturbances, disturb nearby residents with noise, trash, odors, or eyesores, fail to comply with HOA regulations, sublet to less desirable individuals in violation of our lease, or permit unauthorized persons to live with them. We have been experiencing lower collections from residents with accounts receivable balances that are aged greater than 30 days, or bad debt, and we may experience higher resident turnover. Damage to our properties may delay re- leasing, necessitate expensive repairs, or impair the rental income or value of the property resulting in a lower than expected rate of return. Increases in unemployment levels and other adverse changes in economic conditions in our markets could result in substantial resident defaults. In the event of a resident default or bankruptcy, we may experience delays in enforcing our rights as landlord at that property and will incur costs in protecting our investment and re- leasing the property. Furthermore, we rely on information supplied by prospective residents in making resident selections, which may in some cases be false. See " — We rely on information supplied by prospective residents in managing our business. " Our evaluation of properties involves a number of assumptions that may prove inaccurate,which could result in us paying too much for properties we acquire and / or overvaluing our properties or our properties failing to perform as we expect.We are authorized to follow a broad investment policy established by our board of directors and subject to implementation by our management.Our board of directors periodically reviews and updates the investment policy and also reviews our portfolio of residential real estate,but it generally does not review or approve specific property acquisitions.Our success depends on our ability to acquire properties that can be quickly possessed,renovated,repaired,upgraded,and rented with minimal expense and maintained in quality condition.In determining whether a particular property meets our investment criteria,we also make a number of assumptions,including,among other things,assumptions related to estimated time of possession and estimated renovation costs and time frames,annual operating costs,market rental rates and potential rent amounts,time from purchase to leasing,and resident default rates.These assumptions may prove inaccurate,particularly since the properties that we acquire vary materially in terms of time to possession,renovation,quality and type of construction,geographic location,and hazards.As a result,we may pay too much for properties we acquire and / or overvalue our properties,or our properties may fail to perform as anticipated.Adjustments to the assumptions we make in evaluating potential purchases may result in fewer properties qualifying under our investment criteria,including assumptions related to our ability to lease properties we have purchased.Our dependence upon third parties for key services may have an adverse effect on our operating results or reputation if the third parties fail to perform.Though we are internally managed,we use local and national third - party vendors and service providers to provide certain services for our properties.For example,we typically engage third - party home improvement professionals with respect to certain maintenance and specialty services,such as HVAC,roofing,painting,and floor installations.Selecting,managing,and supervising these third - party service providers requires significant resources and expertise,and because our portfolio consists of geographically dispersed properties,our ability to adequately select,manage,and supervise such third parties may be more limited or subject to greater inefficiencies than if our properties were more geographically concentrated.An overall labor shortage experienced by our vendors,lack of skilled labor,increased turnover,or labor inflation,caused by a pandemic or as a result of general macroeconomic factors,could have a material adverse impact on our business,financial condition,or operating results.We have entered into a multi- year contract with a third - party vendor to provide certain services for our properties.Because of the large volume of services under this contract,only a limited number of companies are capable of servicing our needs on this scale.Accordingly,the inability or unwillingness of this vendor to continue to provide these services on acceptable terms or at all could have a material adverse effect on our business.We generally do not have exclusive or long- term contractual relationships with third - party providers , and we can provide no assurance that we will have uninterrupted or unlimited access to their services.If we do not select,manage,and supervise appropriate third parties to provide these services,our reputation and financial results may suffer.We rely on the systems of our third - party service providers,their ability to perform key operations on our behalf in a timely manner and in accordance with agreed levels of service,and their ability to attract and retain sufficient qualified associates to perform our work.A failure in the systems of one of our third - party service providers,or their inability to perform in accordance with the terms of our contracts or to retain sufficient qualified associates,could have a material adverse effect on our business,results of operations,and financial condition.Notwithstanding our efforts to implement and enforce strong policies and practices regarding service providers,we may not successfully detect and prevent fraud,misconduct,incompetence,or theft by our third - party service providers.In addition,any removal or termination of third - party service providers would require us to seek new vendors or providers,which would create delays and adversely affect our operations.Poor performance by such third - party service providers may reflect poorly on us and could significantly damage our reputation among desirable residents.In the event of fraud or misconduct by a third party,we could also be exposed to material liability and be held responsible for damages,fines,or penalties and our reputation may suffer.In the event of failure by our general contractors to pay their subcontractors,our properties may be subject to filings of mechanics or materialmen liens,which we may need to resolve to remain in compliance with certain debt covenants,and for which indemnification from the general contractors may not be available ~~.Title defects could lead to material losses on our investments in our properties.Our title to a property may be challenged for a variety of reasons,and in such instances title insurance may not prove adequate.For example,while we do not lend to homeowners and accordingly do not foreclose on a home,our title to properties we acquire at foreclosure auctions may be subject to challenge based on allegations of defects in the foreclosure process undertaken by other parties.In addition,we have in the past,and may from time to time in the future,acquire a number of our properties on an " as is " basis,at auctions or otherwise.When acquiring properties on an " as is " basis,title commitments are often not available prior to purchase and title reports or title information may not reflect all senior liens,which may increase the possibility of acquiring houses outside predetermined acquisition and price parameters,purchasing residences with title defects and deed restrictions,HOA restrictions on leasing,or purchasing the wrong residence without the benefit of title insurance prior to closing.Although we use various policies,procedures,and practices to assess the state of title prior to purchase and obtain title insurance if an acquired property is placed into a securitization facility in connection with a mortgage loan financing,there can be no assurance that these policies and procedures will be effective,which could lead to a material if not complete loss on our investment in such properties.For properties we acquire at auction,we similarly may not obtain title insurance prior to purchase,and we are not able to perform the type of title review that is customary in acquisitions of real property.As a result,our knowledge of potential title issues will be limited,and title insurance protection may not be in place.This lack of title knowledge and insurance protection may result in third parties having claims against our title to such properties that may materially and adversely affect the values of the properties or call into question the validity of our title to such properties.Without title insurance,we are fully exposed to,and would have to defend ourselves against,such claims.Further,if any such claims are superior to our title to the property we acquired,we risk loss of the property purchased.Increased scrutiny of title matters could lead to legal challenges with respect to the validity of the sale.In the absence of title insurance,the sale may be rescinded,and we may be unable to recover our purchase price,resulting in a complete loss.Title insurance obtained subsequent to purchase offers little protection against discoverable defects because they are typically excluded from such policies.In addition,any title insurance on a property,even if acquired,may not cover all defects or the significant legal costs associated with obtaining clear title.Any of these risks could adversely affect our operating results,cash flows,and ability to make distributions to our stockholders~~ .We are subject to certain risks associated with bulk portfolio acquisitions and dispositions and acquisitions through an auction process.We have acquired and disposed of,and may continue to acquire and dispose of,properties we acquire or sell in bulk from or to other owners of single- family homes,banks,and loan servicers.When we purchase properties in bulk or through an auction process,we often do not have the opportunity to conduct interior inspections or conduct more than cursory exterior inspections on a portion of the properties,if at all.Such inspection processes may fail to reveal major defects associated with such properties,which may cause the amount of time and cost required to renovate and / or maintain such properties to substantially exceed our estimates.The costs involved in locating and performing due diligence (when feasible) on portfolios of homes as well as negotiating and entering into transactions with potential portfolio sellers could be significant,and there is a risk that either the seller may withdraw from the entire transaction for failure to come to an agreement or the seller may not be willing to sell us the bulk portfolio on terms that we view as favorable.In addition,a seller may require that a group of homes be purchased as a package even though we may not want to purchase certain individual assets in the bulk portfolio.Bulk portfolio acquisitions are also more complex than single-family home acquisitions,and we may not be able to implement this strategy successfully.With respect to auction process acquisitions,allegations of deficiencies in auction practices could result in claims challenging the validity of some auctions,potentially placing our claim of ownership to the properties at risk.Upon acquiring a new home,we may have to evict residents who are in unlawful possession before we can secure possession and control of the home.Moreover,to the extent the management and leasing of such properties has not been consistent with our property management and leasing standards,we may be subject to a variety of risks,including risks relating to the condition of the properties,the credit quality and employment stability of the residents,and compliance with applicable laws,among others.In addition,financial and other information provided to us regarding such portfolios during our due diligence may be inaccurate,and we may not discover such inaccuracies until it is too late to seek remedies against such sellers.To the extent we pursue such remedies,we may not be able to successfully prevail against the seller in an action seeking damages for such inaccuracies.If we conclude that certain individual properties purchased in bulk portfolio sales do not fit our target investment criteria,we may decide to sell,rather than renovate and lease,such properties,which could take an extended period of time and may not result in a sale at an attractive price.From time to time we engage in bulk portfolio dispositions of properties consistent with our business and investment strategy.With respect to any such disposition,the purchaser may default on payment or otherwise breach the terms of the relevant purchase agreement,and it may be difficult for us to pursue remedies against such purchaser or retain or resume possession of the relevant properties.To the extent we pursue such remedies,we may not be able to successfully prevail against the purchaser.Our strategy to acquire homes from third **-** party homebuilders could subject us to significant risks that could adversely affect our financial condition,cash flows,and operating results,and the strategy may be restricted by governmental regulations and zoning requirements.We ~~recently began,and~~ expect to continue ~~,~~ entering into contracts with homebuilder counterparties for the acquisition of new homes.Pursuant to these contracts, ~~which are generally entered into in a single negotiated transaction,~~ homes will be delivered to us pursuant to a negotiated delivery schedule.We have made commitments for future fundings,and there can be no assurance that funding will be available to us for such purposes.Additionally,if home values decline subsequent to when we entered into contracts with homebuilder counterparties,we may not be able to adjust our contractual acquisition prices to reflect the decreased home values.This strategy depends on the performance of our counterparties and the ability of homebuilders to develop new homes specifically for our purchase.We rely on builder counterparties to acquire land suitable for residential building in our markets,and to deliver quality homes at reasonable prices in a timely manner,in accordance with agreed to specifications.A failure of builder counterparties to perform in accordance with the terms of our agreements,could have a material adverse effect on our business.Further,poor performance by homebuilder counterparties may reflect poorly on us and could damage our reputation.Additionally,governmental laws,regulations,and zoning requirements may be imposed that restrict our ability to purchase homes from third **-** party homebuilders that are intended for rental purposes in areas where we would like to invest. **Unoccupied** ~~Contingent or unknown liabilities could adversely affect our financial condition,cash flows,and operating results.Assets and entities that we have acquired or may acquire in the future may be subject to unknown or contingent liabilities for which we may have limited or no recourse against the sellers.Unknown or contingent liabilities might include liabilities for,or with respect to,liens attached to properties,unpaid property tax,utilities,or HOA charges for which a subsequent owner remains liable,clean- up or remediation of environmental conditions or code violations,claims of customers,vendors,or other persons dealing with the acquired entities,and tax liabilities.Purchases of single- family properties acquired at auction,in short sales,from lenders,or in portfolio purchases typically involve few or no representations or warranties with respect to the properties and may allow us limited or no recourse against the sellers.Such properties also often have unpaid tax,utility,and HOA liabilities which we may be obligated to pay but fail to anticipate.As a result,the total amount of costs and expenses that we may incur with respect to liabilities associated with acquired properties and entities may exceed our expectations,which may adversely affect our operating results and financial condition.Additionally,such properties may be subject to covenants,conditions,or restrictions that restrict the use or ownership of such properties,including prohibitions on leasing.We may not discover such restrictions during the acquisition process and such restrictions may adversely affect our ability to operate such properties as we intend.In particular,under a Florida statutory framework implemented by certain Florida jurisdictions,a violation of the relevant building codes,zoning codes,or other similar regulations applicable to a property may result in a lien on that property and all other properties owned by the same violator and located in the same county as the property with the code violation,even though the other properties might not be in violation of any code.Until a municipal inspector verifies that the violation has been remedied and any applicable fines have been paid,additional fines accrue on the amount of the lien and the lien may not be released,in each case even at those properties that are not in violation.As a practical matter,it might be possible to obtain a release of these liens without remedying the property in violation through other methods,such as payment of an amount to the relevant county,although no assurance can be given that this option will necessarily be available or how long such a process would take.A significant number of our residential properties are part of HOAs and we and our residents are subject to the rules and regulations of such HOAs,which are subject to change and which may be arbitrary or restrictive,and violations of such rules may subject us to additional fees and penalties and litigation with such HOAs,which would be costly.A significant number of our properties are located within HOAs,which are private entities that regulate the activities of owners and occupants of,and levy assessments on,properties in a residential subdivision.The HOAs in which we own our properties may have enacted or may from time to time enact onerous or arbitrary rules that restrict our ability to restore,market,lease,or operate our properties in accordance with our investment strategy,or require us to restore or maintain such properties at standards or costs that are in excess of our planned budgets.Some HOAs impose limits on the number of property owners who may lease their~~ homes ~~,which,if met or exceeded,would cause us to incur additional costs to sell the property and opportunity costs from lost rental revenue.Furthermore,we may have residents who violate HOA rules and incur fines for which we may be liable as the property owner and for which we may not be able to obtain reimbursement from the resident.Additionally,the governing bodies of the HOAs in which we own property may not make important disclosures about the properties or may block our access to HOA records,initiate litigation,restrict our ability to sell our properties,impose assessments,or arbitrarily change the HOA rules.We may be unaware of or unable to review or comply with HOA rules before purchasing a property,and any such excessively restrictive or arbitrary regulations may cause us to sell such property at a loss,prevent us from leasing such property,or otherwise reduce our cash flow from such property,which would have an adverse effect on our returns on these properties.Several states have enacted laws that provide that a lien for unpaid monies owed to an HOA may be senior to or extinguish mortgage liens on properties.Such actions,if not cured,may give rise to events of default under certain of our indebtedness,which could have a material adverse impact on us.Vacant properties~~ could be difficult to lease,which could adversely affect our revenues.The properties we acquire may often be vacant at the time of closing,and we may acquire multiple ~~vacant properties~~ **unoccupied homes** in close geographic proximity to one another.We may not be successful in locating residents to lease the individual properties that we acquire as quickly as we had expected,or at all.Even if we are able to place residents as quickly as we had expected,we may incur vacancies in the future and may not be able to re- lease those properties without longer than assumed delays,which may result in increased renovation and maintenance costs and opportunity costs from lost revenues. ~~Vacant~~

Unoccupied homes may also be at risk for fraudulent activity which could impact our ability to lease a home.As a result,if vacancies continue for a longer period of time than we expect or indefinitely,we may suffer reduced revenues,incur additional operating expenses and capital expenditures,and our homes could be substantially impaired,all of which may have a material adverse effect on us. ~~Leasing fraud could adversely affect our business,financial condition,and results of operations.Criminals are using increasingly sophisticated methods to engage in illegal activities such as leasing fraud.As we make more of our services available over the internet,we subject ourselves to new types of leasing fraud risk.Unrelated third parties have developed " fake landlord " scams posing as Invitation Homes and fraudulently collecting rent on properties they do not own.Furthermore,increases in fraudulent applications lead to a higher rate of delinquency,and coupled with lingering effects of COVID- 19 pandemic and legal and regulatory barriers to the eviction process,it allows for unqualified residents to remain in our homes for longer periods of time.We devote significant resources to discover and discourage fraudulent activities,and we use a variety of tools to protect against fraud;however,these tools may not always be successful.Fraudulent activities could result in lost revenue and increased expenses,including costs related to damages to our homes from occupants who do not maintain them,diversion of time from our personnel,and development of measures to combat these activities,or otherwise disrupt our operations.Allegations of fraud may further result in fines,settlements,litigation expenses,and reputational damage.~~ We evaluate prospective residents in a standardized manner through the use of a third **-** party resident screening vendor ~~partner~~ **partners** .Our resident screening process includes obtaining appropriate identification,a thorough evaluation of credit history and household income,a review of the applicant' s rental history,and a background check for criminal activity.We make leasing decisions based on information in rental applications completed by a prospective resident and screened by our third **-** party ~~partner~~ **partners** ,and we cannot be certain that this information is accurate.Additionally,these applications are submitted to us at the time we evaluate a prospective resident,and we do not require residents to provide us with updated information during the terms of their leases,notwithstanding the fact that this information can,and frequently does,change over time.For example,increases in unemployment levels or adverse economic conditions in certain of our markets may adversely affect the creditworthiness of our residents in such markets.Even though this information is not updated,we will use it to evaluate the characteristics of our portfolio over time.If resident- supplied information is inaccurate or our residents' creditworthiness declines over time,we may make poor or imperfect leasing decisions and our portfolio may contain more risk than we believe.Our leases are relatively short- term,exposing us to the risk that we may have to re- lease our properties frequently,which we may be unable to do on attractive terms,on a timely basis,or at all.Substantially all of our new leases have a duration of one to two years.As such leases permit the residents to leave at the end of the lease term,we anticipate our rental revenues may be affected by declines in market rental rates more quickly than if our leases were for longer terms.Short- term leases may result in high turnover,which involves costs such as restoring the properties,marketing costs,and lower occupancy levels.Our resident turnover rate and related cost estimates may be less accurate than if we had more operating data upon which to base such estimates.If the rental rates for our properties decrease or our residents do not renew their leases,our operating results and ability to make distributions to our stockholders could be adversely affected.In addition,a portion of our potential residents are represented by leasing agents and we may need to pay all or a portion of any related agent commissions,which will reduce the revenue from a particular rental home.Alternatively,to the extent that a lease term exceeds one year,we may lose the opportunity to raise rents in an appreciating market and be locked into a lower rent until such lease expires. ~~Many factors impact the single- family rental market,and if rents in our markets do not increase sufficiently to keep pace with rising costs of operations,our income and distributable cash could decline.The success of our business model depends,in part,on conditions in the single- family rental market in which we operate.One of the possible impacts on our results of operations and key operating metrics due to the ongoing restrictions on rent increases imposed in certain jurisdictions in response to the COVID- 19 pandemic could be a decrease in gross rental revenues and other property income.Our investment strategy is based on assumptions about occupancy levels,rental rates,interest rates,and other factors;and if those assumptions prove to be inaccurate,our cash flows and profitability may be reduced.Multiple economic and demographic factors may contribute to increases or decreases in homeownership rates resulting in fluctuating rental rates and average occupancy levels.In addition,we expect that as investors like us increasingly seek to capitalize on opportunities to purchase housing assets and convert them to productive uses,the supply of single- family rental properties available to invest in will decrease,which may increase competition for residents,limit our strategic opportunities,and increase the cost to acquire those properties.A softening of the rental market in our core areas would reduce our rental revenue and profitability.~~ We may not have control over timing and costs arising from renovating our properties,and the cost of maintaining rental properties can be higher than the cost of maintaining owner- occupied homes,which will affect our results of operations and may adversely impact our ability to make distributions to our stockholders.Renters impose additional risks to owning real property.Renters do not have the same interest as an owner in maintaining a property and its contents and generally do not participate in any appreciation of the property.Accordingly,renters may damage a property and its contents,and may not be forthright in reporting damages or amenable to repairing them completely,or at all.A rental property may need repairs and / or improvements after each resident vacates the premises,the costs of which may exceed any security deposit provided to us by the resident when the rental property was originally leased.Accordingly,the cost of maintaining rental properties can be higher than the cost of maintaining owner- occupied **homes,which will affect our results of operations and may adversely impact our ability to make distributions to our stockholders.** Declining real estate valuations and impairment charges could adversely affect our financial condition and operating results.We periodically review the value of our properties to determine whether their value,based on market factors,projected income,and generally accepted accounting principles in the United States (" GAAP "),has permanently decreased such that it is necessary or appropriate to take an impairment loss in the relevant accounting period.Such a loss would cause an immediate reduction of net income in the applicable accounting period and would be reflected in a decrease in our balance sheet assets.Even if we do not determine that it is necessary or appropriate to record an impairment loss,a reduction in the intrinsic value of a property would become manifest over time through reduced income from the property and would therefore affect our earnings and financial condition. Our participation in joint venture investments may limit our ability to invest in certain markets,and we may be adversely affected by our lack of sole decision- making authority,our reliance on joint venture partners' financial condition,and disputes between us and our joint venture partners.We currently,and may in the future,co- invest with third parties through partnerships,joint ventures,or other entities,acquiring non- controlling interests in or sharing responsibility for managing the affairs of a property,partnership,joint venture,or other entity.These joint ventures may be subject to restrictions that prohibit us from making other investments in certain markets until all of the funds in such partnership,joint venture,or other entity are invested or committed.In addition,we may also not be in a position to exercise sole decision- making authority regarding the property,partnership,joint venture,or other entity,and our joint venture partners could take actions that are not within our control.Such actions could,among other things,impact our ability to maintain our status as a REIT.Further,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 joint venture partners might become bankrupt or fail to fund their share of required capital contributions.Joint venture partners may have economic or other business interests or goals that are inconsistent with our business interests or goals and may be in a position to take actions contrary to our policies or objectives.Such investments also may have the potential risk of impasses on decisions,such as a sale,because neither we nor our partners would have full control over the partnership or joint venture.Disputes between us and our 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.Consequently,actions by,or disputes with,any of our joint venture partners might result in subjecting properties owned by the partnership or joint venture to additional risk.In addition,we may in certain circumstances be liable for the actions of any of our third- party partners or co- venturers.We provide property management and other services on a contractual basis to co- investors in certain of our joint ventures that invest in single- family rental properties.These services include marketing,leasing,maintenance,renovation,accounting,transaction management,and financial markets services.Our exposure to liabilities in connection with such property management activities could have an adverse effect on our business and financial results.We may suffer losses that are not covered by insurance.We attempt to ensure that our properties are adequately insured to cover casualty losses.However,there are certain losses,including losses from floods,fires,earthquakes,wind,hail,pollution,acts of war,acts of terrorism or riots,certain environmental hazards,and security breaches for which we may self- insure or which may not always or generally be insured against because it may not be deemed economically feasible or prudent to do so.Changes in the cost or availability of insurance could expose us to uninsured casualty losses.In particular,a number of our properties are located in areas that are known to be subject to increased earthquake activity,fires,or wind and / or flood risk.Any and all such severe weather events may be exacerbated by global climate change,resulting in increased insurance premiums and deductibles,or a decrease in the availability of coverage.See " Risks Related to Environmental,Social,and Governance Issues — We are ~~highly dependent on information systems~~ subject to risks from natural disasters such as earthquakes , wildfires,and severe weather." While we have annual policies for earthquakes,hurricane,and / or flood risk,our properties may nonetheless incur casualty losses that are not fully covered by insurance.In such ~~and~~ - an ~~systems failures~~ event,the value of the affected properties would be reduced by the amount of any such uninsured loss,and we could experience a ~~significantly~~ -- significant ~~disrupt~~ loss of capital invested and potential revenues in such properties and could potentially remain obligated under any recourse debt associated with such properties.Inflation,changes in building codes and ordinances,environmental considerations,and other factors might also keep us from using insurance proceeds to replace ~~our~~ - or ~~business~~ renovate a particular property after it has been damaged or destroyed.Under those circumstances , ~~which may,~~ the insurance proceeds we receive might be inadequate to restore our economic position in ~~turn,negatively~~ the damaged or destroyed property.Any such losses could adversely affect us and cause the value of our common stock to decline.There can be no assurance that we are adequately insured to protect against potential casualty losses and liabilities,and we may elect to self- insure against certain potential losses,accept higher deductibles,utilize an insurance captive,or reduce the amount of coverage in response to excessive insurance premium increases.In addition,we may have no source of funding to repair or reconstruct the damaged home,and we cannot assure that any such sources of funding will be available to us for such purposes in the future.We may have difficulty selling our real estate investments,and our ability to distribute all or a portion of the net proceeds from any such sale to our stockholders may be limited.Real estate investments are relatively illiquid and,as a result,we may have a limited ability to sell our properties.When we sell any of our properties,we may recognize a loss on such sale.We may elect not to distribute any proceeds from the sale of properties to our stockholders.Instead,we may use such proceeds for other purposes,including:• purchasing additional properties;• repaying debt or buying back stock;• creating working capital reserves;or • making repairs,maintenance or other capital improvements or expenditures to our remaining properties .Our ability to sell our properties may also be limited by our need to avoid the 100 % prohibited transactions tax that is imposed on gain recognized by a REIT from the sale of property characterized as dealer property.For example,we may be required to hold our properties for a minimum period of time and comply with certain other requirements in the Internal Revenue Code of 1986,as amended (the " Code "),or dispose of our properties through a taxable REIT subsidiary (" TRS "),in which case we will incur corporate level tax on any net gains from such dispositions.We may encounter challenges in effectively providing the professional property and asset management services we offer to owners of single- family home portfolios on a contractual basis.Our failure to effectively perform professional property and asset management functions or to effectively manage the expanded portfolio of properties we manage could materially and adversely affect us.There can be no assurance that we will be able to effectively manage a significant increase in the number of properties we manage.The potential difficulties we may

encounter in providing professional property and asset management services may include,without limitation:• our inability to effectively perform the property and asset management services at the level and / or the cost that we anticipate or as a result of a failure to allocate sufficient resources to meet those needs;• our inability to manage the complexities associated with hiring and retaining key personnel required to provide property and asset management services to the increased number of properties we manage as we grow;• integrating additional regulatory and legal compliance controls and financial reporting practices and controls into our business;• failure to have received comprehensive diligence regarding the properties or existing tenants that we manage,which may have impaired our assessment of the engagement;• potential unknown liabilities and unforeseen increased expenses associated with property and asset management;and • performance shortfalls as a result of the diversion of management' s attention caused by a significant increase in the number of properties we manage.For all these reasons,it is possible that providing professional property and asset management services could result in the distraction of our management or inconsistencies in our operations **,services,standards,controls,policies,and procedures,any of which could adversely affect our business and financial results.We** are ~~dependent upon~~ **employing a business model with a limited track record,which may make our business difficult to evaluate.Until recently,the single- family rental business was comprised primarily of private and individual investors in local markets and was managed individually** ~~our~~ - **or** ~~information systems~~ **by small,non- institutional owners and property managers.Our business strategy involves purchasing,renovating,maintaining,and managing a large number of residential properties and leasing them to qualified residents.Entry into this market by large,well- capitalized investors is a relatively recent trend,so few peer companies exist and none have yet established long- term track records** that ~~support~~ **might assist us in predicting whether** our business ~~processes~~ **model and investment strategy can be implemented and sustained over an extended period of time.It may be difficult to evaluate our potential future performance without the benefit of established long- term track records from companies implementing a similar business model.We may encounter unanticipated problems as we continue to refine our business model,which may adversely affect our results of operations and ability to make distributions to our stockholders and cause our stock price to decline significantly.We have a limited operating history and may not be able to operate our business successfully or generate sufficient cash flows to make or sustain distributions to our stockholders.We have a limited operating history.As a result,an investment in our common stock may entail more risk than an investment in the common stock of a real estate company with a substantial operating history.If we are unable to operate our business successfully,we would not be able to generate sufficient cash flow to make or sustain distributions to our stockholders,and stockholders could lose all or a portion of the value of their ownership in our common stock.Our ability to successfully operate our business and implement our operating policies and investment strategy depends on many factors** ,including **:• our ability to effectively manage renovation,maintenance,** marketing, ~~leasing,vendor~~ **and other operating costs for our properties;• economic** ~~communications~~ ----- **conditions in our markets** , **including changes in employment and household earnings and expenses,as well as the condition of the** ~~finance~~ **financial and real estate markets and the economy** , ~~intercompany communications,~~ **in general;•** our **ability to maintain high occupancy rates and target rent levels;• the availability of,and our ability to identify,attractive acquisition opportunities consistent with our investment strategy;• our ability to compete with other investors entering the single- family rental industry;• costs that are beyond our control,including title litigation,litigation with** ~~resident~~ **residents** ~~portals~~ **or tenant organizations** , ~~and~~ **legal compliance,** property ~~management service platforms~~ **taxes,insurance,and HOA fees;• judicial and regulatory developments affecting landlord- tenant relations that may affect or delay our ability to dispossess or evict occupants or increase rental rates;• reversal of population,employment,or homeownership trends in our markets;and • interest rate levels and volatility** ,which ~~include certain automated processes~~ **may affect the accessibility of short- term and long- term financing on desirable terms.In addition,we face significant competition in acquiring attractive properties on advantageous terms,and the value of the properties** that ~~require access to telecommunications or~~ **we acquire may decline substantially after we purchase** ~~the~~ **them** ~~Internet,each of which is subject to system security risks~~ . ~~Certain critical components of our platform are dependent upon third party service providers,and a significant portion of our business operations are conducted over the Internet.As a result,we could be severely impacted by a catastrophic occurrence,such as a natural disaster or a terrorist attack,or a circumstance that disrupted access to telecommunications,the Internet,or operations at our third party service providers,including viruses that could penetrate network security defenses and cause system failures and disruptions of operations.Even though we believe we utilize appropriate duplication and back- up procedures,a significant outage in telecommunications~~ Compliance with **existing** governmental laws, regulations, and covenants **(or those that may be enacted in the future)** that are applicable to ~~our~~ **the** properties ~~or that may be passed in the future~~ **we own and manage on behalf of others** , including affordability covenants, permit, license, and zoning requirements, may adversely affect our ability to make future acquisitions, renovations, or dispositions, result in significant costs, delays, or losses, and adversely affect our growth strategy. Rental homes are subject to various federal, state, and local laws and regulatory requirements, including permitting, licensing, and zoning requirements **. Brokerage of real estate leasing transactions and the provision of property management services require us and our associates to maintain applicable licenses in each state in which we perform these services. If we and our associates fail to maintain our licenses, conduct these activities without a license, or violate any of the regulations covering our licenses, we may be required to pay fines or return commissions received or have our licenses suspended or revoked** . Local regulations, including municipal or local ordinances, restrictions, and restrictive covenants imposed by community developers may restrict our or the use of our properties and may require us to obtain approval from local officials or community standards organizations at any time with respect to our properties, including prior to acquiring any of our properties or when undertaking renovations of any of our existing properties. Among other things, these restrictions may relate to fire and safety, seismic, asbestos- cleanup, or hazardous material abatement requirements. Such local regulations

may cause us to incur additional costs to renovate or maintain our properties in accordance with the particular rules and regulations. Additionally, state and local agencies may place affordability covenants on certain properties to ensure that they are used to provide affordable housing for persons or families of lower income. If any of our properties contain affordability covenants recorded in their chains of title, we will be forced to sell such properties at a maximum price limit as calculated per the applicable affordable housing covenant, which will likely result in us having to sell such properties below their market values. Our properties are also subject to federal, state, and local accessibility requirements, including and in addition to those imposed by the Americans with Disabilities Act and the Fair Housing Act. Any violation by us of the laws and regulations we are subject to could lead to significant fines or penalties and could limit our ability to conduct business. We cannot assure you that existing regulatory policies will not adversely affect us or the timing or cost of any future acquisitions, renovations, or dispositions, or that additional regulations will not be adopted that would increase such delays or result in additional costs or losses. Our business and growth strategies may be materially and adversely affected by our ability to obtain permits, licenses **,** and approvals. Our failure to obtain such permits, licenses, and approvals could have a material adverse effect on us and cause the value of our common stock to decline. Eviction, tenant rights, rent control, and rent stabilization laws, and other similar laws and / or regulations that limit our ability to collect rent, enforce remedies for failure to pay rent, or increase rental rates may negatively impact our rental income and profitability. ~~As~~ **While acting as** the landlord ~~of~~ **for the** numerous properties **we own and manage on behalf of others** , we are involved from time to time in evicting residents who are not paying their rent or who are otherwise in material violation of the terms of their lease. Eviction activities impose legal and managerial expenses that raise ~~our~~ costs and expose us to potential negative publicity. The eviction process is typically subject to legal barriers, mandatory " cure " policies, our internal policies and procedures, and other sources of expense and delay, each of which may delay our ability to gain possession and stabilize the property. ~~Since the onset of the COVID- 19 pandemic, there~~ **There** has **recently** been an increase in restrictions and other regulations regarding evictions and expansion of tenant rights by federal, state, and local governments and courts, continuing to result in additional legal and regulatory hurdles to the eviction process. Additionally, eviction proceedings by owners and operators of single- family homes for lease have been the focus of negative media attention, which damages our reputation. State and local landlord- tenant laws may impose legal duties to assist residents in relocating to new housing, or restrict the landlord' s ability to remove the resident on a timely basis or to recover certain costs or charge residents for damage residents cause to the landlord' s premises. Because such laws vary by state and locality, we must be familiar with and take all appropriate steps to comply with all applicable landlord- tenant laws and need to incur supervisory and legal expenses to ensure such compliance. Furthermore, state and local governmental agencies may introduce rent control laws or other regulations that limit our ability to increase rental rates, which may affect our rental income. Especially in times of recession and economic slowdown, rent control initiatives can amass significant political support. If rent controls unexpectedly became applicable to certain of our properties, our revenue from and the value of such properties could be adversely affected. For example, in 2019, the state of California passed the Tenant Protection Act of 2019, a rent control law which limits our ability to increase rental rates for existing residents and put into place protections for the terminations of tenancies. This law has negatively impacted our rental income from certain of the ~~12~~ **11** , ~~216~~ **862** homes we own in California as of December 31, ~~2022~~ **2023** , and may continue to do so. To the extent that we do not comply with laws and regulations regarding eviction, tenant rights, rent control, rent stabilization, and similar matters, we may be subjected to civil litigation filed by individuals (including class actions) or actions by federal, state, or local law enforcement and, as a result, our reputation and financial results may suffer. We may be required to modify or cease existing business practices, pay fines and / or our adversaries' litigation fees and expenses if judgment is entered against us in such litigation or if we settle such litigation. Given increasing political support for these types of laws and regulations, we believe these conditions will continue to negatively impact our business and results of operations. We are subject to regulatory proceedings ~~,~~ **and** litigation (including class actions) and may become a target of legal demands and / or negative publicity from tenant and consumer advocacy organizations, which could directly limit and constrain our operations and may result in significant litigation expenses and reputational harm. We are involved in a range of legal and regulatory proceedings, claims, actions, inquiries, and investigations in the ordinary course of business. These legal and regulatory proceedings may include, among others, eviction proceedings and other landlord- tenant disputes, challenges to title and ownership rights, Fair Housing or other discrimination claims, disputes arising over potential violations of HOA rules and regulations, issues with local housing officials arising from the condition or maintenance of the property, outside vendor disputes, and trademark infringement and other intellectual property claims. Additionally, we may attract attention and become a target of legal demands, litigation, and negative publicity from tenant and consumer advocacy organizations. Such organizations may lobby federal, state, and local legislatures to pass new laws and regulations to constrain or limit our business operations, adversely impact our business, or may generate negative publicity for our business and harm our reputation. Our industry is under increasing political and regulatory scrutiny, resulting in governmental inquiries relating to the conduct of our business ~~generally and during the COVID- 19 pandemic~~ . These actions or inquiries may be costly to comply with, result in negative publicity and reputational damage, require significant management time and attention, and subject us to expenses and remedies that may harm our business, including fines or demands or orders that we modify or cease existing business practices. Additionally, we may become subject to legal claims against us (including on a class action basis) for damages or injunctive relief and to seek to publicize our activities in a negative light. We cannot anticipate what form such legal actions might take or what remedies they may seek. Although we are not involved in any legal or regulatory proceedings that we expect would have a material adverse effect on our business, results of operations, or financial condition, such proceedings may impose on us significant litigation expenses, including settlements to avoid continued litigation or judgments for damages or injunctions.
Contingent or unknown liabilities could adversely affect our financial condition, cash flows, and operating results. Assets and entities that we have acquired or may acquire in the future may be subject to unknown or contingent liabilities for which we may have limited or no recourse against the sellers. Unknown or contingent liabilities might include liabilities

for, or with respect to, liens attached to properties, unpaid property tax, utilities, or HOA charges for which a subsequent owner remains liable, clean- up or remediation of environmental conditions or code violations, claims of customers, vendors, or other persons dealing with the acquired entities, and tax liabilities. Purchases of single- family properties acquired at auction, in short sales, from lenders, or in portfolio purchases typically involve few or no representations or warranties with respect to the properties and may allow us limited or no recourse against the sellers. Such properties also often have unpaid tax, utility, and HOA liabilities which we may be obligated to pay but fail to anticipate. As a result, the total amount of costs and expenses that we may incur with respect to liabilities associated with acquired properties and entities may exceed our expectations, which may adversely affect our operating results and financial condition. Additionally, such properties may be subject to covenants, conditions, or restrictions that restrict the use or ownership of such properties, including prohibitions on leasing. We may not discover such restrictions during the acquisition process and such restrictions may adversely affect our ability to operate such properties as we intend. In particular, under a Florida statutory framework implemented by certain Florida jurisdictions, a violation of the relevant building codes, zoning codes, or other similar regulations applicable to a property may result in a lien on that property and all other properties owned by the same violator and located in the same county as the property with the code violation, even though the other properties might not be in violation of any code. Until a municipal inspector verifies that the violation has been remedied and any applicable fines have been paid, additional fines accrue on the amount of the lien and the lien may not be released, in each case even at those properties that are not in violation. As a practical matter, it might be possible to obtain a release of these liens without remedying the property in violation through other methods, such as payment of an amount to the relevant county, although no assurance can be given that this option will necessarily be available or how long such a process would take. Title defects could lead to material losses on our investments in our properties. Our title to a property may be challenged for a variety of reasons, and in such instances title insurance may not prove adequate. For example, while we do not lend to homeowners and accordingly do not foreclose on a home, our title to properties we acquire at foreclosure auctions may be subject to challenge based on allegations of defects in the foreclosure process undertaken by other parties. In addition, we have in the past, and may from time to time in the future, acquire a number of our properties on an " as is " basis, at auctions or otherwise. When acquiring properties on an " as is " basis, title commitments are often not available prior to purchase and title reports or title information may not reflect all senior liens, which may increase the possibility of acquiring houses outside predetermined acquisition and price parameters, purchasing residences with title defects and deed restrictions, HOA restrictions on leasing, or purchasing the wrong residence without the benefit of title insurance prior to closing. Although we use various policies, procedures, and practices to assess the state of title prior to purchase and obtain title insurance if an acquired property is placed into a securitization facility in connection with a mortgage loan financing, there can be no assurance that these policies and procedures will be effective, which could lead to a material if not complete loss on our investment in such properties. For properties we acquire at auction, we similarly may not obtain title insurance prior to purchase, and we are not able to perform the type of title review that is customary in acquisitions of real property. As a result, our knowledge of potential title issues will be limited, and title insurance protection may not be in place. This lack of title knowledge and insurance protection may result in third parties having claims against our title to such properties that may materially and adversely affect the values of the properties or call into question the validity of our title to such properties. Without title insurance, we are fully exposed to, and would have to defend ourselves against, such claims. Further, if any such claims are superior to our title to the property we acquired, we risk loss of the property purchased. Increased scrutiny of title matters could lead to legal challenges with respect to the validity of the sale. In the absence of title insurance, the sale may be rescinded, and we may be unable to recover our purchase price, resulting in a complete loss. Title insurance obtained subsequent to purchase offers little protection against discoverable defects because they are typically excluded from such policies. In addition, any title insurance on a property, even if acquired, may not cover all defects or the significant legal costs associated with obtaining clear title. Any of these risks could adversely affect our operating results, cash flows, and ability to make distributions to our stockholders. A significant number of the single- family residential properties we own and manage on behalf of others are part of HOAs, and we and our residents are subject to the rules and regulations of such HOAs, which are subject to change and which may be arbitrary or restrictive, and violations of such rules may subject us to additional fees and penalties and litigation with such HOAs, which would be costly. A significant number of the properties we own and manage on behalf of others are located within HOAs, which are private entities that regulate the activities of owners and occupants of, and levy assessments on, properties in a residential subdivision. The HOAs of which our properties are part may have enacted or may from time to time enact onerous or arbitrary rules that restrict our ability to restore, market, lease, or operate properties in accordance with our investment strategy, or require us to restore or maintain such properties at standards or costs that are in excess of our planned budgets. Some HOAs impose limits on the number of property owners who may lease their homes, which, if met or exceeded, would cause us to incur additional costs to sell the property and opportunity costs from lost rental revenue. Furthermore, residents may violate HOA rules and incur fines for which the owner of the property may be liable and for which we may not, on behalf of the owner, be able to obtain reimbursement from the resident. Additionally, the governing bodies of the HOAs in which we own property may not make important disclosures about the properties or may block our access to HOA records, initiate litigation, restrict our ability to sell our properties, impose assessments, or arbitrarily change the HOA rules. We may be unaware of or unable to review or comply with HOA rules before purchasing a property, and any such excessively restrictive or arbitrary regulations may cause us to sell such property at a loss, prevent us from leasing such property, or otherwise reduce our cash flow from such property, which would have an adverse effect on our returns on these properties. Several states have enacted laws that

provide that a lien for unpaid monies owed to an HOA may be senior to or extinguish mortgage liens on properties. Such actions, if not cured, may give rise to events of default under certain of our indebtedness, which could have a material adverse impact on us. Leasing fraud could adversely affect our business, financial condition, and results of operations. Criminals are using increasingly sophisticated methods to engage in illegal activities such as leasing fraud. As we make more of our services available over the internet and through mobile applications, we subject ourselves to new types of leasing fraud risk. Unrelated third parties have developed " fake landlord " scams posing as Invitation Homes and fraudulently collecting rent on properties they do not own. Furthermore, increases in fraudulent applications lead to a higher rate of delinquency, and coupled with legal and regulatory barriers to the eviction process, it allows for unqualified residents to remain in our homes for longer periods of time. We devote significant resources to discover and discourage fraudulent activities, and we use a variety of tools to protect against fraud; however, these tools may not always be successful. Fraudulent activities could result in lost revenue and increased expenses, including costs related to damages to the homes we own and manage on behalf of others from occupants who do not maintain them, diversion of time from our personnel, and development of measures to combat these activities, or otherwise disrupt our operations. Allegations of fraud may further result in fines, settlements, litigation expenses, and reputational damage. Eminent domain could lead to material losses on our investments in our properties. Governmental authorities may exercise eminent domain to acquire the land on which our properties are built in order to build roads and other infrastructure. Any such exercise of eminent domain would allow us to recover only the fair value of the affected properties. In addition, " fair value " could be substantially less than the real market value of the property for a number of years, and we could effectively have no profit potential from properties acquired by the government through eminent domain. Risks Related to Information Technology, Cybersecurity, and Data Protection We are highly dependent on information systems, and systems failures could significantly disrupt our business, which may, in turn, negatively affect us and the value of our common stock. Our operations are dependent upon our information systems that support our business processes, including marketing, leasing, vendor communications, finance, intercompany communications, our resident portals, and property management service platforms, which include certain automated processes that require access to telecommunications or the Internet, each of which is subject to system security risks. Certain critical components of our platform are dependent upon third- party service providers, and a significant portion of our business operations are conducted over the Internet or through mobile applications. As a result, we could be severely impacted by a catastrophic occurrence, such as a natural disaster or a terrorist attack, or a circumstance that disrupted access to telecommunications, the Internet, or operations at our third- party service providers, including viruses that could penetrate network security defenses and cause system failures and disruptions of operations. Even though we believe we utilize appropriate duplication and back- up procedures, a significant outage in telecommunications, the Internet, or at our third- party service providers could negatively impact our operations. If we are unable to effectively execute or maintain our information technology strategies or adopt new technologies and processes relevant to our service platform, our ability to deliver high- quality services to our residents may be materially impaired. In addition, we make investments in new systems and tools to achieve competitive advantages and efficiencies. Implementation of such investments in information technology could exceed estimated budgets, and we may experience challenges that prevent new strategies or technologies from being realized. If we are unable to maintain current information technology and processes or encounter delays, or fail to exploit new technologies, then the execution of our business plans may be disrupted. Similarly, our associates require effective tools and techniques to perform functions integral to our business. We currently use limited traditional and generative artificial intelligence (" AI ") solutions for certain marketing, administrative, and other functions. We may incorporate additional generative AI solutions into our information systems in the future and these solutions may become important in our operations over time. The ever- increasing use and evolution of technology, including cloud- based computing and generative AI, creates opportunities for the potential loss or misuse of personal data that we use in our business operations. Unintentional dissemination or intentional destruction of confidential information stored in our or our third- party providers' systems, portable media, or storage devices may result in significantly increased business and security costs, a damaged reputation, administrative penalties, or costs related to defending legal claims. Generative AI programs may be costly and require significant expertise to develop, may be difficult to set up and manage, and require periodic upgrades. Our competitors or other third parties may incorporate generative AI into their information systems and operations more quickly or more successfully than us, which could impair our ability to compete effectively and adversely affect our results of operations. Security breaches and other disruptions could compromise our information systems and expose us to liability, which would cause our business and reputation to suffer. Information security risks have generally increased in recent years due to the rise in new technologies and the increased sophistication and activities of perpetrators of cyberattacks. In the ordinary course of our business, we acquire and store sensitive data, including intellectual property, our proprietary business information, and personally identifiable information of our prospective and current residents, associates, and third- party service providers. The secure processing and maintenance of such information is critical to our operations and business strategy. Despite our security measures, our information technology and infrastructure are subject to ongoing threats and attacks and may be vulnerable to attacks by malicious third parties or breached due to employee error, malfeasance, or other disruptions. Due to the nature of some of the attacks, there is a risk that they may remain undetected for a period of time. Since the techniques used to obtain unauthorized access to systems, or to otherwise sabotage them, change frequently and are often not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. While we have invested in the protection of data and information technology and implemented processes, procedures, and internal controls that are designed to mitigate

cybersecurity risks and cyber intrusions, there can be no assurance that our efforts will prevent cyber incidents or security breaches. Any such breach could compromise our networks and the information stored therein could be accessed, publicly disclosed, misused, lost, or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, misstated or unreliable financial data, liability under laws that protect the privacy of personal information, regulatory penalties, disruption to our operations and the services we provide to customers, including our residents, or damage our reputation, any of which could adversely affect our results of operations, reputation, and competitive position. We maintain cyber liability insurance; however, this insurance may not be sufficient to cover the financial, legal, business, or reputational losses that may result from an interruption or breach of our systems. In connection with our flexible work arrangements, a significant number of our associates work remotely on a recurring basis. An extended period of remote work arrangements could strain our business continuity plans, introduce operational risk, including, but not limited to cybersecurity risks, and impair our ability to manage our business. United States regulators have also increased their focus on cyber security vulnerabilities and risks. Compliance with laws and regulations concerning cyber security, such as the recently enacted SEC rules requiring disclosure of material cybersecurity incidents, data governance, and data protection could result in significant expense, and any failure to comply could result in proceedings against us by regulatory authorities or other third parties. See " — Our business is subject to laws and regulations regarding privacy, data protection, consumer protection, and other matters. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to our business practices, monetary penalties, or otherwise harm our business. We are subject to a variety of laws and regulations that involve matters such as: privacy; data protection; personal information; rights of publicity; content; marketing; distribution; data security; data retention and deletion; electronic contracts and other communications; consumer protection; and online payment services. These laws and regulations are constantly evolving and can be subject to significant change. As a result, the application, interpretation, and enforcement of these laws and regulations are often uncertain and may be interpreted and applied inconsistently. Additionally, as we depend on third parties for key services (see " **Risks Related to Our Business and Operations** — Our dependence upon third parties for key services may have an adverse effect on our operating results or reputation if the third parties fail to perform "), we rely on such third **-** party service providers' compliance with laws and regulations regarding privacy, data protection, consumer protection, and other matters relating to our customers. There are a number of legislative proposals at both the federal and state level, as well as other jurisdictions that could impose new obligations in areas affecting our business. We are subject to numerous, complex, and frequently changing laws, regulations, and contractual obligations designed to protect personal information. Various federal and state privacy and data security laws, such as the California Consumer Privacy Act, further expanded by the California Privacy Rights Act, and Nevada Privacy Law, or other regulatory standards create data privacy rights for users, including more ability to control how their data is shared with third parties. These laws and regulations, as well as any associated inquiries or investigations or any other government actions, may be costly to comply with, require significant management time and attention, and subject us to remedies that may harm our business, including fines and other sanctions resulting from any related breaches of data privacy regulations or demands or orders that we modify or cease existing business practices. Accidental or willful security breaches or other unauthorized access to our information systems or the systems of our service providers, **suppliers, or other third parties,** or the existence of computer viruses or malware (such as ransomware) in our or their data or software could expose us to a risk of information loss, business disruption, and misappropriation of proprietary and confidential information, including information relating to our residents and the personal information of our associates or third parties. Such an event could disrupt our business and result in, among other things, unfavorable publicity, damage to our reputation, loss of our competitive information, litigation by affected parties and possible financial obligations for liabilities and damages related to the theft or misuse of such information, significant remediation costs, disruption of key business operations and significant diversion of our resources, as well as, any of which could have a material adverse effect on our business, profitability and financial condition. See " — Security breaches and other disruptions could compromise our information systems and expose us to liability, which would cause our business and reputation to suffer. " Our evaluation of properties involves a number...... decline substantially after we purchase them. Climate change and related environmental issues, related legislative and regulatory responses to climate change, and the transition to a lower- carbon economy may adversely affect our business. There is increasing concern that a gradual rise in global average temperatures due to increased concentration of carbon dioxide and other greenhouse gases **(" GHG ")** in the atmosphere will cause significant changes in weather patterns around the globe, an increase in the frequency, severity, and duration of extreme weather conditions and natural disasters, and water scarcity and poor water quality. These events could also compound adverse economic conditions. To the extent that significant changes in the climate occur in areas where our properties are located, we may experience extreme weather and / or changes in precipitation and temperature, all of which may result in physical damage to, or a decrease in demand for, properties located in these areas or affected by these conditions and our financial condition or results of operations may be adversely affected. See " — We are subject to risks from natural disasters such as earthquakes, wildfires, and severe weather. " Growing public concern about climate change has resulted in the increased focus of local, state, regional, national, and international regulatory bodies on **GHG** ~~greenhouse gas~~ emissions and climate change issues. Policy changes and changes in federal, state, and local legislation and regulation based on concerns about climate change, including regulations aimed at limiting **GHG** ~~greenhouse gas~~ emissions and the implementation of " green " building codes, could result in increased capital expenditures on our existing properties (for example, to improve their energy efficiency and / or resistance to inclement weather) without a corresponding increase in revenue, resulting in adverse impacts to our results of operations **. In October 2023, California enacted the Climate Corporate Data Accountability Act and the Climate Related Financial Risk Act that will require large public and private companies that do business within the state to disclose their Scopes 1, 2, and 3 GHG emissions, with third- party assurance of GHG emissions information for certain entities, and issue public**

reports on their climate- related financial risk and related mitigation measures. Unless modified prior to the effective date, both California laws require initial disclosures in 2026. In 2023, California also enacted the Voluntary Carbon Market Disclosures Act, which requires companies that operate within the state and make certain climate- related claims to provide enhanced disclosures around the achievement of such claims, starting in 2024 . In March 2022, the SEC issued proposed rules on climate change disclosure requirements that, if adopted as proposed, will require disclosure of extensive and detailed climate- related information, by all registrants, including us. The final rules have not yet been adopted, and the ultimate scope and impact of the proposed rules on our business remain uncertain. To the extent new rules, if finalized, impose additional reporting obligations on us, we could face substantial increased costs. Separately, the SEC has also announced that it is scrutinizing climate- change related disclosures in public filings, increasing the potential for enforcement if the SEC were to allege that our existing climate disclosures are misleading or deficient. **We expect regulatory disclosure requirements related to ESG matters to continue to expand, which has increased, and may continue to increase, our cost and burden of compliance and subject us to increased legal and reputational risk.** Any assessment of the potential impact of future climate change legislation, regulations, or industry standards, as well as any international treaties and accords, is uncertain given the wide scope of potential regulatory change. Natural disasters, severe weather such as earthquakes, tornadoes, wind, floods, droughts, and wildfires may result in significant damage to our properties. The extent of our casualty losses and loss of income in connection with such events is a function of the severity of the event and the total amount of exposure in the affected area. Additional consequences of severe weather could include increased insurance premiums and deductibles or a decrease in the availability of coverage. See " Risks Related to Our Business and ~~Industry~~ **Operations** — We may suffer losses that are not covered by insurance. " We are subject to risks from events such as natural disasters, severe weather, and wildfires, which may have a significant negative effect on our financial condition and results of operations. **Furthermore,** ~~Any and all of these factors may be exacerbated by~~ global climate change **may impact the effect of any and all of these factors** . Similarly, significant changes in precipitation could lead to increases in droughts or wildfires that could adversely impact demand for our properties. The increases in property damage due to these events may also contribute to increased insurance premiums and deductibles or a decrease in the availability of coverage. See " Risks Related to Our Business and ~~Industry~~ **Operations** — We may suffer losses that are not covered by insurance. " As a result, our operating and financial results may vary significantly from one period to the next. We have in the past and may in the future incur losses arising from natural disasters or severe weather. While we seek to mitigate our business risks associated with climate change, we recognize that there are inherent climate related risks regardless of where we conduct our business. For example, a catastrophic natural disaster could negatively impact any of our markets. Accordingly, a natural disaster has the potential to disrupt our businesses and could have a material adverse impact on our financial condition and results of operations, including increased insurance costs or loss of coverage, legal liability, and reputational losses. See " — Climate change and related environmental issues, related legislative and regulatory responses to climate change, and the transition to a lower- carbon economy may adversely affect our business. " Environmentally hazardous conditions may adversely affect us. Under various federal, state, and local environmental laws, a current or previous owner or operator of real property may be liable for the cost of removing or remediating hazardous or toxic substances on such property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Even if more than one person may have been responsible for the contamination, each person covered by applicable environmental laws may be held responsible for all of the clean- up costs incurred. In addition, third parties may sue the owner or operator of a site for damages based on personal injury, natural resources, or property damage or other costs, including investigation and clean- up costs, resulting from the environmental contamination. The presence of hazardous or toxic substances on one of our properties, or the failure to properly remediate a contaminated property, could give rise to a lien in favor of the government for costs it may incur to address the contamination or otherwise adversely affect our ability to sell or lease the property or borrow using the property as collateral. Environmental laws also may impose restrictions on the manner in which property may be used or businesses may be operated. A property owner who violates environmental laws may be subject to sanctions which may be enforced by governmental agencies or, in certain circumstances, private parties. In connection with the acquisition and ownership of our properties, we may be exposed to such costs. The cost of defending against environmental claims, of compliance with environmental regulatory requirements, or of remediating any contaminated property could materially and adversely affect us. Compliance with new or more stringent environmental laws or regulations or stricter interpretation of existing laws may require material expenditures by us. We are subject to environmental laws or regulations relating to our properties, such as those concerning lead- based paint, mold, asbestos, proximity to power lines, or other issues. We cannot assure you that future laws, ordinances, or regulations will not impose any material environmental liability or that the current environmental condition of our properties will not be affected by the activities of residents, existing conditions of the land, operations in the vicinity of the properties, or the activities of unrelated third parties. In addition, we may be required to comply with various local, state, and federal fire, health, life- safety, and similar regulations. Failure to comply with applicable laws and regulations could result in fines and / or damages, suspension of personnel, civil liability, or other sanctions. We are subject to increasing scrutiny from investors and others regarding our environmental, social, governance, or sustainability responsibilities, which could result in additional costs or risks and adversely impact our reputation, associate retention, and ability to raise capital from such investors. Investor advocacy groups, certain institutional investors, investment funds, other market participants, and stakeholders have focused increasingly on the ESG or " sustainability " practices of companies, including those associated with climate change. These parties have placed increased importance on the implications of the social cost of their investments. If our ESG practices do not meet investor or other industry stakeholder expectations and standards, which continue to evolve, our reputation and associate retention may be negatively impacted based on an assessment of our ESG practices. Any sustainability disclosures we make may include our policies and practices on a variety of social and ethical matters, including corporate governance, environmental compliance, associate health and safety practices, human capital management, product quality, supply chain management, and workforce inclusion and diversity. It is possible that stakeholders may not be satisfied with our ESG practices or the speed of their adoption. We could also incur additional costs and require additional resources to monitor, report, and comply with various ESG practices. In addition, investors may decide to refrain from investing in us as a result of their assessment of our approach to and consideration of the ESG factors **. Conversely, anti- ESG sentiment has gained some momentum across the United States. ESG detractors may criticize our sustainability initiatives or take actions against us like boycotts or adverse media campaigns. Moreover, several states have enacted or proposed " anti- ESG " policies or legislation. For example, (i) boycott bills in certain states target financial institutions that are perceived as " boycotting " or " discriminating against " companies in certain industries and prohibit state entities from doing business with such institutions and / or investing the state' s assets (including pension plan assets) through such institutions; and (ii) ESG investment prohibitions in certain states require that relevant state entities or managers / administrators of state investments make investments based solely on pecuniary factors without consideration of ESG factors. Failure to successfully manage divergent ESG- related expectations across stakeholders could erode stakeholder trust, impact our reputation, and adversely affect our business** . Risks Related to Our Indebtedness Our cash flows and operating results could be adversely affected by required payments of debt or related interest and other risks of our debt financing. We are generally subject to risks associated with debt financing. These risks include: (1) our cash flow may not be sufficient to satisfy required payments of principal and interest; (2) we may not be able to refinance existing indebtedness or the terms of any refinancing may be less favorable to us than the terms of existing debt; (3) required debt payments are not reduced if the economic performance of any property declines; (4) debt service obligations could reduce funds available for distribution to our stockholders and funds available for capital investment; (5) any default on our indebtedness could result in acceleration of those obligations and possible loss of property to foreclosure; (6) the risk that necessary capital expenditures cannot be financed on favorable terms; and (7) the value of the collateral securing our indebtedness may fluctuate and fall below the amount of indebtedness it secures. If the income from a property is pledged to secure payment of indebtedness and we cannot make the applicable debt payments, we may have to surrender the property to the lender with a consequent loss of any prospective income and equity value from such property. Any of these risks could place strains on our cash flows, reduce our ability to grow, and adversely affect our results of operations. Natural disasters, geopolitical turmoil, medical epidemics and pandemics, economic instability, or other causes could have material and adverse effect on our residents' ability to meet their lease obligations and our ability to collect rent or enforce remedies for failure to pay rent thereby reducing our cash flows, and the resulting impact on rental and other property income could impact our ability to make all required debt service payments and to continue paying dividends to our stockholders at expected levels or at all. See " **Risks Related to Our Business Environment and Industry** — Our business, results of operations, financial condition, and cash flows may be adversely affected by pandemics and outbreaks of infectious disease. " We utilize a significant amount of indebtedness in the operation of our business. As of December 31, ~~2022~~ **2023** ~~,~~ we had $ ~~7~~ **8** , ~~833~~ **612** . ~~7~~ **9** million aggregate principal amount of indebtedness outstanding. Our leverage could have important consequences to us. For example, it could: (1) result in the acceleration of a significant amount of debt for non- compliance with the terms of such debt or, if such debt contains cross- default or cross- acceleration provisions, other debt; (2) result in the loss of assets, including individual properties or portfolios, due to foreclosure or sale on unfavorable terms, which could create taxable income without accompanying cash proceeds; (3) materially impair our ability to borrow unused amounts under existing financing arrangements or to obtain additional financing or refinancing on favorable terms, or at all; (4) require us to dedicate a substantial portion of our cash flow to paying principal and interest on our indebtedness, reducing the cash flow available to fund our business, to pay dividends, including those necessary to maintain our REIT qualification, or to use for other purposes; (5) increase our vulnerability to an economic downturn; (6) limit our ability to withstand competitive pressures; or (7) reduce our flexibility to respond to changing business and economic conditions. If any of the foregoing occurs, our business, financial condition, liquidity, results of operations, and prospects could be materially and adversely affected, and the trading price of our common stock could decline significantly. We may be unable to obtain financing through the debt and equity markets, which would have a material adverse effect on our growth strategy and our financial condition and results of operations. We cannot assure you that we will be able to access the capital and credit markets to obtain additional debt or equity financing or that we will be able to obtain financing on terms favorable to us. Our inability to obtain financing could have negative effects on our business. Among other things, we could have difficulty acquiring, re- developing or maintaining, our properties, which would materially and adversely affect our business strategy and portfolio, and may result in our: (1) liquidity being adversely affected; (2) inability to repay or refinance our indebtedness on or before its maturity; (3) making higher interest and principal payments or selling some of our assets on terms unfavorable to us to service our indebtedness; or (4) issuing additional capital stock, which could further dilute the ownership of our existing stockholders. Our access to additional third **-** party sources of financing will depend, in part, on: **• unfavorable global and United States economic conditions (including inflation and interest rates), uncertainty in financial markets (including due to bank failures), and geopolitical tensions;** • the market' s perception of our growth potential; • with respect to acquisition financing, the market' s perception of the value of the homes to be acquired; • our current debt levels; • our current and expected future earnings; • our cash flow and cash distributions; and • the market price of our common stock. Potential lenders may be unwilling or unable to provide us with financing that is attractive to us or may charge us prohibitively high fees in order to obtain financing. Consequently, there is uncertainty regarding our ability to access the credit markets in order to attract financing on reasonable terms. Investment returns on our assets and our ability to make acquisitions could be adversely affected by our inability to secure financing on reasonable terms, if at all. A downgrade in our credit ratings could adversely affect our financing ability. Our credit ratings affect the amount and type of capital, as well as the terms and pricing of any financing we may obtain. If we are unable to maintain our current credit ratings, we would likely incur higher borrowing costs, and it would make it more difficult or expensive to obtain additional financing or refinance existing obligations and commitments, which could have a material adverse impact on our financial condition, results of operations, cash flows, and liquidity. Secured indebtedness exposes us to the possibility of foreclosure on our ownership interests in our rental homes. Incurring secured mortgage indebtedness increases our risk of loss of our ownership interests in our rental homes because defaults thereunder, and / or the inability to refinance such indebtedness, may result in foreclosure action initiated by lenders. For tax purposes, a foreclosure of any of our rental homes would be treated as a sale of the home for a purchase price equal to the outstanding balance of the indebtedness secured by such rental home. If the outstanding balance of the indebtedness secured by such rental home exceeds our tax basis in the rental home, we would recognize taxable income on foreclosure without receiving any cash proceeds. Covenants in our debt agreements may restrict our operating activities and adversely affect our financial condition. Our existing debt agreements contain, and future debt agreements may contain, financial and / or operating covenants including, among other things, certain coverage ratios, as well as limitations on the ability to incur additional secured and unsecured debt, and / or otherwise affect our distribution and operating policies. These covenants may limit our operational flexibility and acquisition and disposition activities. Moreover, if any of the covenants in these debt agreements are breached and not cured within the applicable cure period, we could be required to repay the debt immediately, even in the absence of a payment default. A default under one of our debt agreements could result in a cross- default under other debt agreements, and our lenders could elect to declare outstanding amounts due and payable, terminate their commitments, require the posting of additional collateral, and enforce their respective interests against existing collateral. As a result, a default under applicable debt covenants could have an adverse effect on our financial condition or results of operations. Additionally, borrowing base requirements associated with our financing arrangements may prevent us from drawing upon our total maximum capacity under these financing arrangements if sufficient collateral, in accordance with our facility agreements, is not available. For example, our mortgage loans and secured term loan require, among other things, that a cash management account controlled by the lender collect all rents and cash generated by the properties securing the portfolio. Upon the occurrence of an event of default or failure to satisfy the required minimum debt yield or debt service coverage ratio, the lender may apply any excess cash in such cash management account as the lender elects, including prepayment of principal and amounts due under the loans. These covenants may restrict our ability to engage in transactions that we believe would otherwise be in the best interests of our stockholders. Further, such restrictions could make it difficult for us to satisfy the requirements necessary to maintain our qualification as a REIT for United States federal income tax purposes. We have and may continue to utilize non- recourse long- term mortgage loans, and such structures may expose us to certain risks not prevalent in other debt financings, which could affect the availability and attractiveness of this financing option or otherwise result in losses to us. We have and may continue to utilize non- recourse long- term mortgage loans relating to pools of homes which we own, if and when they become available and to the extent consistent with the maintenance of our REIT qualification. Mortgage loans may expose us to certain risks not prevalent in other debt financings. Moreover, we cannot be assured that we will be able to access the securitization market in the future, or be able to do so at favorable rates. Current adverse macroeconomic conditions, including inflation, rising interest rates, slower growth, economic uncertainty, and a general decline in business activity, have caused dislocations, illiquidity, and volatility in the market for asset- backed securities and mortgage- backed securities, as well as disruption in the wider global financial markets, including a significant reduction of investor demand for, and purchases of, asset- backed securities and structured financial products. Disruptions of the securitization market could preclude our ability to use mortgage loans as a financing source or could render it an inefficient source of financing, making us more dependent on alternative sourcing of financing that might not be as favorable as mortgage loans in otherwise favorable markets. In addition, in the United States and elsewhere, there is now increased political and regulatory scrutiny of the asset- backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitization exposures or the incentives for certain investors to hold asset- backed securities, and may thereby affect the liquidity of such securities. Any of these factors could limit our access to mortgage loans as a source of financing. The inability to consummate mortgage loans to finance our investments on a long- term basis could require us to seek other forms of potentially less attractive financing or to liquidate assets at an inopportune time or price, which could adversely affect our performance and our ability to grow our business. Offerings of additional debt securities or equity securities that rank senior to our common stock may adversely affect the market price of our common stock. If we decide to issue additional debt securities or equity securities that rank senior to our common stock in the future, it is likely that they will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Any additional debt or equity securities that we issue in the future may have rights, preferences, and privileges more favorable than those of our common stock and, if such securities are convertible or exchangeable, the issuance of such securities may result in dilution to owners of our common stock. We and, indirectly, our stockholders, will bear the cost of issuing and servicing such securities. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, or nature of our future offerings. Thus, holders of our common stock will bear the risk of our future offerings reducing the market price of our common stock and diluting the value of their stock holdings in us. Failure to hedge effectively against interest rate increases may adversely affect our results of operations and our ability to make distributions to our stockholders. Borrowings under our debt instruments totaling $ 3, ~~886~~ **868** . 0 million as of December 31, ~~2022~~ **2023 ,** bear interest at variable rates and expose us to interest rate risk. In response to increasing inflation, the United States Federal Reserve began to raise short- term interest rates in March 2022 for the first time in over three years and **continued raising rates throughout the first half of 2023. Recently, the Federal Reserve** has signaled it expects to **hold** ~~make additional rate~~ **rates** ~~increases~~ **steady** . Rising interest rates could lead to the increases in debt service obligations on our variable rate indebtedness even though the amount borrowed remained the same, and our earnings and cash flows could correspondingly decrease. After giving effect to our interest rate swap agreements (see Part II. Item 7. " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and

Capital Resources " for more information), each 100 bps increase or decrease on our floating rate indebtedness would result in an estimated increase or decrease of $ 0. ~~7~~ 5 million in annual interest expense. In connection with our debt instruments, we have obtained interest rate caps and swaps, and subject to complying with the requirements for REIT qualification, we may obtain in the future one or more additional forms of interest rate protection (in the form of swap agreements, interest rate cap contracts, or similar agreements) to hedge against the possible negative effects of interest rate fluctuations. However, we cannot assure you that any hedging will adequately relieve the adverse effects of interest rate increases or that counterparties under these agreements will honor their obligations thereunder. In addition, we may be subject to risks of default by hedging counterparties. Adverse economic conditions could also cause the terms on which we borrow to be unfavorable. We could be required to liquidate one or more of our investments at times which may not permit us to receive an attractive return on our investments in order to meet our debt service obligations. The REIT provisions of the Code may also limit our ability to hedge effectively. See " Risks Related to our REIT Status and Certain Other Tax Items — Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities. " ~~Expected phasing out of LIBOR may adversely affect the capital markets and our ability to raise capital. When LIBOR is discontinued, our variable rate debt agreements and financial instruments may be calculated using another base rate. The Financial Conduct Authority of the United Kingdom, which has statutory powers to require panel banks to contribute to LIBOR, has announced that it will cease publication of one month USD LIBOR immediately after June 30, 2023. Accordingly, in the near future LIBOR will cease being a widely used benchmark interest rate. The current and any future reforms and other pressures may cause LIBOR to be replaced with a new benchmark or to perform differently than in the past, including during the transition period. As of December 31, 2022, we had $ 3, 161. 0 million of variable rate debt outstanding and $ 3, 820. 0 million of interest rate swaps that reference one month LIBOR as the benchmark rate to determine the applicable interest rate or payment amount and for which maturities extend past June 2023 (assuming all extensions are exercised). Although our existing variable rate debt and derivative agreements provide for a prescribed transition to an alternate rate, the Secured Overnight Financing Rate (" SOFR "), we are engaging with each of the respective counterparties to modify the existing provisions to better align the application of the terms of these debt and derivative agreements with respect to the SOFR index. We anticipate completing the transition to SOFR prior to the expiration of LIBOR on June 30, 2023. Nevertheless, the consequences of these market developments cannot be entirely predicted and a transition from LIBOR, even if administered consistent with the agreements' provisions, could impact the cost of our variable rate indebtedness and cash flows related to our interest rate swap agreements. If one month LIBOR is discontinued during 2023 as expected, there may be uncertainty or differences in the calculation of the applicable interest rate or payment amount, depending on the terms of the agreement, and significant management time and attention may be required to transition to using the new benchmark rates and to implement necessary changes to our financial models. This could result in different financial performance for previously recorded transactions and may impact our existing transaction data, operations, and pricing processes. The calculation of interest rates and swap payments under the replacement benchmarks could also impact our net interest expense. LIBOR may perform differently during the phase- out period than in the past which could result in an adverse impact on the market for or value of any LIBOR- based securities, loans, derivatives, and other financial obligations or extensions of credit held by us and on our overall financial condition or results of operations. Additionally, debt holders, governing bodies, and / or we may decide to transition to a successor rate prior to the expected LIBOR phase- out date. It is possible that such transition prior to the expected LIBOR phase- out would be carried out using different procedures than are contemplated by the existing agreements underlying our outstanding variable rate indebtedness and interest rate swap agreements, which could impact the cost of our variable rate indebtedness and cash flows related to our interest rate swap agreements.~~ Risks Related to Our Organization, Structure, and Ownership of Our Common Stock Provisions of Maryland law may limit the ability of a third party to acquire control of us by requiring our board of directors or stockholders to approve proposals to acquire our company or effect a change in control. Certain provisions of the Maryland General Corporation Law (the " MGCL ") may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change in control under circumstances that otherwise could provide our stockholders with the opportunity to realize a premium over the then- prevailing market price of their shares of common stock, including: • " business combination " provisions that, subject to certain exceptions and limitations, prohibit certain business combinations between a Maryland corporation and an " interested stockholder " (defined generally as any person who beneficially owns 10 % or more of the voting power of our outstanding voting stock or an affiliate or associate of ours who, at any time within the two- year period immediately prior to the date in question, was the beneficial owner of 10 % or more of the voting power of our then outstanding shares of stock) or an affiliate of any interested stockholder for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter imposes two super- majority stockholder voting requirements on these combinations, unless, among other conditions, our common stockholders receive a minimum price, as defined in the MGCL, for their shares of stock and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares of stock; and • " control share " provisions that provide that, subject to certain exceptions, holders of " control shares " (defined as voting shares that, when aggregated with all other shares controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a " control share acquisition " (defined as the direct or indirect acquisition of ownership or control of issued and outstanding " control shares ") have no voting rights except to the extent approved by our stockholders by the affirmative vote of at least two- thirds of all the votes entitled to be cast on the matter, excluding shares owned by the acquirer, by our officers, or by our employees who are also directors of our company. We have opted out of the business combination provisions of the MGCL and any business combination between us and any other person is exempt from the business combination provisions of the MGCL. In addition, pursuant to a provision in our bylaws, we opted out of the control share provisions of the MGCL. Provisions of our bylaws will prohibit our board of directors from revoking, altering, or amending its resolution exempting any business combination from the business combination provisions of the MGCL or amending our bylaws to opt in to the control share provisions of the MGCL, in each case, without the affirmative vote of a majority of the votes cast on the matter by our stockholders entitled to vote generally in the election of directors. In addition, the " unsolicited takeover " provisions of Title 3, Subtitle 8 of the MGCL permit our board of directors, without stockholder approval and regardless of what is provided in our charter or bylaws, to implement certain takeover defenses, including adopting a classified board or increasing the vote required to remove a director. Such takeover defenses may have the effect of inhibiting a third party from making an acquisition proposal for us or of delaying, deferring, or preventing a change in control of us under the circumstances that otherwise could provide our common stockholders with the opportunity to realize a premium over the then- current market price. Our charter provides that, without the affirmative vote of a majority of the votes cast on the matter by our stockholders entitled to vote generally in the election of directors, we may not elect to be subject to certain provisions of Subtitle 8, including the provisions relating to adopting a classified board or increasing the vote required to remove a director. Our board of directors may approve the issuance of stock, including preferred stock, with terms that may discourage a third party from acquiring us. Our charter permits our board of directors, without any action by our stockholders, to authorize the issuance of stock in one or more classes or series. Our board of directors may also classify or reclassify any unissued stock and set or change the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, and terms and conditions of redemption of any such stock, which rights may be superior to those of our common stock. Thus, our board of directors could authorize the issuance of shares of a class or series of stock with terms and conditions which could have the effect of discouraging a takeover or other transaction in which holders of some or a majority of our outstanding common stock might receive a premium for their shares of stock over the then current market price of our common stock. Our rights and the rights of our stockholders to take action against our directors and officers are limited. Our charter eliminates the liability of our directors and officers to us and our stockholders for money damages to the maximum extent permitted under Maryland law. Under current Maryland law and our charter, our directors and officers do not have any liability to us or our stockholders for money damages other than liability resulting from: • actual receipt of an improper benefit or profit in money, property, or services; or • active and deliberate dishonesty by the director or officer that was established by a final judgment and is material to the cause of action adjudicated. Our charter authorizes us and our bylaws obligate us to indemnify each of our directors or officers who is or is threatened to be made a party to or witness in a proceeding by reason of his or her service in those or certain other capacities, to the maximum extent permitted by Maryland law, from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her status as a present or former director or officer of us or serving in such other capacities. In addition, we may be obligated to pay or reimburse the expenses incurred by our present and former directors and officers without requiring a preliminary determination of their ultimate entitlement to indemnification. As a result, we and our stockholders may have more limited rights to recover money damages from our directors and officers than might otherwise exist absent these provisions in our charter and bylaws or that might exist with other companies, which could limit your recourse in the event of actions that are not in our best interests. Our charter contains a provision that expressly permits our non- employee directors, certain of our pre- IPO owners, and their affiliates to compete with us. Our charter provides that, to the maximum extent permitted from time to time by Maryland law, we renounce any interest or expectancy that we have in, or any right to be offered an opportunity to participate in, any business opportunities that are from time to time presented to or developed by our directors or their affiliates, other than to those directors who are employed by us or our subsidiaries, unless the business opportunity is expressly offered or made known to such person in his or her capacity as our director, and none of our pre- IPO owners, or any of their respective affiliates, or any director who is not employed by us or any of his or her affiliates, will have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we or our affiliates engage or propose to engage or to refrain from otherwise competing with us or our affiliates. Our charter provides that, to the maximum extent permitted from time to time by Maryland law, each of our non- employee directors, and any of their affiliates, may: • acquire, hold, and dispose of interests in us and / or our subsidiaries, including shares of our stock or common units of partnership interest in INVH LP for his, her or its own account or for the account of others, and exercise all of the rights of a stockholder of Invitation Homes Inc., or a limited partner of INVH LP, to the same extent and in the same manner as if he, she, or it were not our director or stockholder; and • in his, her, or its personal capacity or in his, her, or its capacity, as applicable, as a director, officer, trustee, stockholder, partner, member, equity owner, manager, advisor, or employee of any other person, have business interests and engage, directly or indirectly, in business activities that are similar to ours or compete with us, that involve a business opportunity that we could seize and develop or that include the acquisition, syndication, holding, management, development, operation, or disposition of interests in mortgages, real property or persons engaged in the real estate business. Our charter also provides that, to the maximum extent permitted from time to time by Maryland law, in the event that any of our non- employee directors, or any of their respective affiliates, acquires knowledge of a potential transaction or other business opportunity, such person will have no duty to communicate or offer such transaction or business opportunity to us or any of our affiliates and may take any such opportunity for itself, himself, or herself or offer it to another person or entity unless the business opportunity is expressly offered to such person in his or her capacity as our director. These provisions may limit our ability to pursue business or investment opportunities that we might otherwise have had the opportunity to pursue, which could have an adverse effect on our financial condition, our results of operations, our cash flow, the per share trading price of our common stock, and our ability to satisfy our debt service obligations and to pay dividends to our stockholders. If we do not maintain our qualification as a REIT, we will be subject to tax as a regular domestic corporation and could face a substantial tax liability. We believe that we have been organized and have operated in conformity with the requirements for qualification and taxation as a REIT and that our current organization and proposed method of operation enable us to continue to qualify as a REIT. However, qualification as a REIT involves the application of highly technical and complex Code provisions for which only a limited number of judicial or administrative interpretations exist, and we cannot assure you that we qualify or that we will remain qualified as a REIT. Our qualification as a REIT depends upon our satisfaction of certain asset, income, organizational, distribution, stockholder ownership, and other requirements on a continuing basis, and even a technical or inadvertent violation of these requirements could jeopardize our REIT qualification. In addition, our qualification as a REIT may depend upon the qualification as a REIT of certain subsidiary entities of our investments in unconsolidated joint ventures that have also elected to be treated as a REIT. Furthermore, new tax legislation, administrative guidance, or court decisions, in each instance potentially with retroactive effect, could make it more difficult or impossible for us to qualify as a REIT. If we fail to qualify as a REIT in any tax year, and we do not qualify for relief under applicable statutory provisions, then: • we would be taxed as a regular domestic corporation (a " C corporation "), which under current laws means, among other things, being unable to deduct distributions to stockholders in computing taxable income and being subject to United States federal income tax on our taxable income at regular corporate income tax rates; • any resulting tax liability could be substantial and could have a material adverse effect on our book value; • we would be required to pay taxes, and thus, our cash available for distribution to stockholders would be reduced for each of the years during which we did not qualify as a REIT and for which we had taxable income; • we could be subject to increased state and local taxes; and • we generally would not be eligible to requalify as a REIT for the subsequent four full taxable years. REITs, in certain circumstances, may incur tax liabilities that would reduce our cash flows. Even if we qualify and maintain our status as a REIT, we may be subject to certain United States federal, state, and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, and state or local income, property, and transfer taxes. In addition, we will be subject to a 4 % nondeductible excise tax if the actual amount that we distribute to our stockholders in a calendar year is less than a minimum amount specified under the Code, and we could, in certain circumstances, be required to pay an excise or penalty tax (which could be significant in amount) in order to utilize one or more relief provisions under the Code to maintain our qualification as a REIT. Furthermore, in order to meet the REIT qualification requirements, or to avert the imposition of a 100 % tax that applies to certain gains derived by a REIT from dealer property or inventory, we conduct some of our operations and hold some of our assets through a TRS or other subsidiary corporations that are subject to United States federal, state, and local corporate taxes. Any of the aforementioned taxes we pay directly or indirectly will reduce our cash available for distribution to our stockholders. Complying with REIT requirements may cause us to forgo otherwise attractive opportunities, limit our expansion opportunities, and / or force us to liquidate or restructure otherwise attractive investments. To qualify as a REIT, we must continually satisfy tests concerning, among other things, our sources of income, the nature and diversification of our assets, the amounts we distribute to our stockholders, and the ownership of our stock. For instance, at the end of each calendar quarter, at least 75 % of the value of our assets must consist of cash, cash items, government securities, and qualified REIT real estate assets. The remainder of our investments in securities (other than qualified real estate assets and government securities) generally cannot include more than 10 % of the outstanding voting securities of any one issuer or 10 % of the total value of the outstanding securities of any one issuer unless we and such issuer jointly elect for such issuer to be treated as a TRS under the Code. The total value of all of our investments in TRSs cannot exceed 20 % of the value of our total assets. In addition, no more than 5 % of the value of our assets (other than qualified real estate assets and government securities) can consist of the securities of any one issuer other than a TRS. If we fail to comply with these requirements, we must dispose of a portion of our assets within 30 days after the end of the calendar quarter in order to avoid losing our REIT status and suffering adverse tax consequences. In addition to the quarterly asset test requirements, we must annually satisfy two income test requirements (the " 75 % and 95 % gross income tests "). As a result of complying with these REIT requirements, we may be required to take or forgo taking actions that we would otherwise consider advantageous. For instance, in order to satisfy the gross income or asset tests applicable to REITs under the Code, we may be required to forgo investments that we otherwise would make. Furthermore, we may be required to liquidate from our portfolio, or contribute to a TRS, otherwise attractive investments. These actions could reduce our income and amounts available for distribution to our stockholders. In addition, we may also be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution. Thus, compliance with REIT requirements may hinder our ability to operate solely on the basis of maximizing profits. The 100 % prohibited transactions tax may limit our ability to engage in sale transactions. " Prohibited transactions " are sales or other dispositions of property other than foreclosure property, held primarily for sale to customers in the ordinary course of a trade or business. Dispositions of real property that are deemed to be prohibited transactions may be subject to the prohibited transactions tax equal to 100 % of net gain upon a disposition of real property that we hold. Although a safe harbor is available, for which certain sales of property by a REIT are not subject to the 100 % prohibited transaction tax, we cannot assure you that we can comply with the safe harbor or that we will avoid owning property that may be characterized as held primarily for sale to customers in the ordinary course of a trade or business. Consequently, we may choose not to engage in certain sales of our properties, or we may conduct such sales through our TRS, which would be subject to United States federal and state income taxation. In addition, we may have to sell numerous properties to a single or a few purchasers, which could cause us to be less profitable than would be the case if we sold properties on a property- by- property basis. For example, if we decide to acquire properties opportunistically to renovate in anticipation of immediate resale, we will need to conduct that activity through a TRS to avoid the 100 % prohibited transactions tax. The 100 % prohibited transactions tax may limit our ability to enter into transactions that would otherwise be beneficial to us. For example, if circumstances make it not profitable or otherwise uneconomical for us to remain in certain states or geographical markets, the 100 % prohibited transactions tax could delay our ability to exit those states or markets by selling our assets in those states or markets other than through a TRS, which could harm our operating profits and the trading price of our stock. In addition, in order to avoid the 100 % prohibited transactions tax, we may be required to limit the structures we utilize for our securitization transactions, even though the sales or structures might otherwise be beneficial to us. The REIT provisions of the Code may limit our ability to hedge liabilities. Income from hedging transactions that do not meet the specific requirements of these provisions will generally constitute nonqualifying income for purposes of the 75 % and 95 % gross income tests. As a result of these rules, we may have to limit our use of advantageous hedging techniques or, subject to the limitations on the value of and income from our TRSs, implement those hedges through a domestic TRS. This could increase the cost of our hedging activities because our TRS would be subject to tax on gains, for which losses may not be available or allowed to offset, or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. Even if we qualify to be subject to United States federal income tax as a REIT, we could be subject to tax on any unrealized net built- in gains in certain assets. As part of our pre- IPO reorganization transactions, we acquired certain appreciated assets that were held (directly or indirectly) in part by one or more C corporations in transactions in which the adjusted tax basis of the assets in our hands is determined by reference to the adjusted basis of such assets in the hands of such C corporations. If we dispose of any such appreciated assets during the five- year period following the date we acquired those assets, we will be subject to United States federal income tax on the portion of such gain attributable to such C corporations at the highest corporate tax rates to the extent of the excess of the fair market value of such assets on the date that we acquired those assets over the adjusted tax basis of such assets on such date, which are referred to as built- in gains. Further, such built- in gains may also be subject to certain state income taxes, for a length of time equal to or exceeding the federal five- year period. We would be subject to this tax liability even if we qualify and maintain our status as a REIT. Any recognized built- in gain will retain its character as ordinary income or capital gain and will be taken into account in determining REIT taxable income and our distribution requirement. Any tax on the recognized built- in gain will reduce REIT taxable income. We may choose not to sell in a taxable transaction appreciated assets we might otherwise sell during the period in which the built- in gain tax applies to avoid the built- in gain tax. However, there can be no assurances that such a taxable transaction will not occur. If we sell such assets in a taxable transaction, the amount of corporate tax that we will pay will vary depending on the actual amount of net built- in gain or loss present in those assets as of the time we acquired those assets and the portion of such assets which were held by C corporations prior to their contribution to us. Our charter does not permit any person to own more than 9. 8 % of our outstanding common stock or of our outstanding stock of all classes or series, and attempts to acquire our common stock or our stock of all other classes or series in excess of these 9. 8 % limits would not be effective without an exemption from these limits by our board of directors. For us to qualify as a REIT under the Code, not more than 50 % of the value of our outstanding stock may be owned directly or indirectly by five or fewer individuals (including certain entities treated as individuals for this purpose) during the last half of a taxable year. For the purpose of assisting our qualification as a REIT for United States federal income tax purposes, among other purposes, our charter prohibits beneficial or constructive ownership by any person of more than a certain percentage, currently 9. 8 %, in value or by number of shares of stock, whichever is more restrictive, of the outstanding shares of our common stock or 9. 8 % in value of the outstanding shares of our stock, which we refer to as the " ownership limit. " The constructive ownership rules under the Code and our charter are complex and may cause shares of the outstanding common stock owned by a group of related persons to be deemed to be constructively owned by one person. As a result, the acquisition of less than 9. 8 % of our outstanding common stock or our stock by a person could cause a person to own constructively in excess of 9. 8 % of our outstanding common stock or our stock, respectively, and thus violate the ownership limit. There can be no assurance that our board of directors, as permitted in the charter, will not decrease this ownership limit in the future, and any decision to grant a waiver from the ownership limit in any particular instance is at the sole discretion of our board of directors. Any attempt to own or transfer shares of our common stock in excess of the ownership limit without the consent of our board of directors will result either in the shares of stock in excess of the limit being transferred by operation of the charter to a charitable trust, and the person who attempted to acquire such excess shares of stock will not have any rights in such excess shares of stock, or in the transfer being void. The ownership limit may have the effect of precluding a change in control of us by a third party, even if such change in control would be in the best interests of our stockholders or would result in receipt of a premium to the price of our common stock (and even if such change in control would not reasonably jeopardize our REIT status). The cash available for distribution to stockholders may not be sufficient to pay dividends at expected levels, nor can we assure you of our ability to make distributions in the future. We may use borrowed funds or our own funds to make distributions. The Code generally requires that a REIT annually distribute at least 90 % of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gain, and imposes tax on any REIT taxable income retained by a REIT, including capital gains. We anticipate making quarterly distributions to our stockholders. We expect that the cash required to fund our dividends will be covered by cash generated by operations. However, our ability to make distributions to our stockholders will depend upon the performance of our asset portfolio. If our operations do not generate sufficient cash flow to allow us to satisfy the REIT distribution requirements, we may be required to fund distributions from working capital, borrow funds, raise additional equity capital, sell assets, issue distributions in our own stock, or reduce our distributions. Furthermore, if such cash available for distribution decreases in future periods from expected levels, our inability to make the expected distributions could result in a decrease in the market price of our common stock. In addition, our charter allows us to issue preferred stock that could have a preference over our common stock as to distributions. All distributions will be made at the sole discretion of our board of directors and will depend upon a number of factors, including our actual and projected results of operations, financial condition, cash flows and liquidity, maintenance of our REIT qualification and other tax considerations, capital expenditure and other obligations, debt covenants, contractual prohibitions or other limitations, and applicable law and such other matters as our board of directors may deem relevant from time to time. We may not be able to make distributions in the future. In addition, some of our distributions may include a return of capital. To the extent that we decide to make distributions in excess of our current and accumulated earnings and profits, such distributions would generally be considered a return of capital for United States federal income tax purposes to the extent of the holder' s adjusted tax basis in their stock. A return of capital is not taxable, but it has the effect of reducing the holder' s adjusted tax basis in its investment. To the extent that distributions exceed the adjusted tax basis of a holder' s stock, they will be treated as gain from the sale or exchange of such stock. If we borrow to fund distributions, our future interest costs would increase, thereby reducing our earnings and cash available for distribution from what they otherwise would have been. We may choose to make distributions in our own stock that require you to pay income taxes in excess of any cash distributions. We may make distributions to our stockholders that are payable in cash and / or shares of our common stock. As a result, stockholders may be required to pay income taxes with respect to such distributions in excess of any cash portion of the distribution received, and it may be necessary to sell stocks received in such distribution at a time that may be disadvantageous, in order to satisfy any tax imposed on such distribution. Furthermore, with respect to certain non- United States holders, we may be required to withhold United States tax with respect to such distribution, including in respect of all or a portion of such distribution that is payable in stock, by withholding or disposing of part of the stock included in such distribution and using the proceeds of such disposition to satisfy the withholding tax imposed. In addition, if a significant number of our stockholders determine to sell shares of our common stock in order to pay taxes owed on dividend income, such sale may put downward pressure on the market price of our common stock. We may be subject to adverse legislative or regulatory tax changes that could increase our tax liability, reduce our operating flexibility, and reduce the price of our common stock. The Internal Revenue Service, the United States Treasury Department, and Congress frequently review United States federal income tax legislation, regulations, and other guidance. We cannot predict whether, when or to what extent new United States federal tax laws, regulations, interpretations, or rulings will be adopted. Any legislative action may prospectively or retroactively modify our tax treatment and, therefore, may adversely affect our taxation or our stockholders. Any such changes could have an adverse effect on an investment in our stock or on the market value or the resale potential of our assets. You are urged to consult with your tax advisor with respect to the status of legislative, regulatory, or administrative developments and proposals and their potential effect on an investment in our stock. Although REITs generally receive certain tax advantages compared to entities taxed as C corporations, it is possible that future legislation would result in a REIT having fewer tax advantages, and it could become more advantageous for a company that invests in real estate to elect to be treated for United States federal income tax purposes as a C corporation. As a result, our charter provides our board of directors with the power, under certain circumstances, to revoke or otherwise terminate our REIT election and cause us to be taxed as a C corporation, without the approval of our stockholders. Our ownership of TRSs is subject to limitations, and our transactions with our TRSs will cause us to be subject to a 100 % excise tax on certain income or deductions if those transactions are not conducted on arm' s- length terms. The Code provides that no more than 20 % of the value of a REIT' s assets may consist of stock or securities of one or more TRSs. Our TRSs earn income that would not be qualifying income if earned directly by the parent REIT and may also be used to hold certain properties the sale of which may not qualify for the safe harbor for prohibited transactions. These limitations on ownership of TRS stock could limit the extent to which we can conduct these activities and other activities through our TRSs. In addition, the tax rules may limit the deductibility of interest paid or accrued by a TRS to its parent REIT. The rules also impose a 100 % excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm' s- length basis. There can be no assurance that we will be able to comply with the TRS limitations or avoid application of the 100 % excise tax. ~~49~~